

## FINANCIAL TIMES

Wednesday July 2 1980



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GENERAL

## Tehran water chief seized

Director-General of Tehran's Regional Water Authority was taken hustage by workers pro-testing at cuts in their allowances and extra payments. The 7,000 employees occupied the authority's building in the

most significant challenge yet to a Government bid to cut would be very serious because a drought has already led to depleted reservoirs. Water rationing is forecast. Page 4

#### Black youth killed Block youth was shot dead by

Africa, after 2 stone-throwing

#### Vietnam talks

chest-ranking delegation of nisters ever to leave Vietnam holding secrel talks in Mosyietnam's military strategy in

#### Bangkok violence

Police went on alert in Banskok. Theiland, following an outbreak 74.5 (74.4). POLLAR was unof terrorist violence which left changed, its index staying at more than 40 people injured in \$3.5. Page 29 bomb explosions.

#### Begin recovers

Israeli Premice Menachem Begin appeared to be recovering WALL STREET was 2.07 from his heart attack. His higher at 876,99 hefore the close, doctor predicted a return to Page 30 work within four weeks.

#### Strike threat

More then 10,000 New York police, bremen, prison warnens and dustmen agreed to strike from Thursday unless their 10 per cent pay claim is met.

#### Financier jailed Former City banker and finan-

cier Ellis Seillon was jailed at the Old Barley for two years for conspiring to defraud a bank of

#### Man remanded

Former company managing director Edwin Hearn accused of obtaining the Queen's Award for Industry by making false representations was remanded

#### Pope's visit

The Pone ruct originals in 3 'on security fail near Brasilia at the start of his second day in Brazil.

#### Heart transplant

Richard Brittain at 16 the UK's youngest heart transplant patient, was making satisfactory progress at Panworth Hospital, near Cambridge.

#### Wimbledon hit

Wimbledon looked certain to spill into a third week as play was again severely curtailed by days on record. John Barrett, Page 12

Monet well spent Impressionis: and modern pictures were auctioned at Christies, London, with a top-price of £150,000 being paid for Monei's "Chemin dans les Viznes, Argenteuil." Salcromo,

#### Briefly . . .

Five people died when their car skinded into a dyke in Suffolk as torrential rain swept East Anglia, Forecast, Back Page Cold spell in the Johannesburg pured with £11.78m in the first erea has killed 11 people. About 60 pilot whales died after. reaching theinselves north of Sydney Australia.

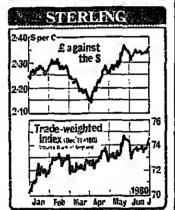
Bijacker cave himself up at Buones Aires airport after commandeering on airliner for 13

#### **BUSINESS**

## Equities off 3.4; gold up \$9

@ EQUITIES saw some speculative huying, but institutions failed to show any interest. The FT 30-share index lost 3.4 10 461.4. Page 32

 GILTS recovered early losses un revived small investment ilemand. The Government Securities index eased 0.03 to 69.09. Page 32



• GOLD rose \$9 an nunce ju Loadon to \$660,50. Page 29

O BRITISH STEEL has warned that a 50 per cent rise in electric are rectimaking in the Sheffield area commercially unviable. Back Page

@ COMPANY and lax law changes are planned to create a more flexible and competitive environment for British Industry, according to a Green Paper published yesterday. Back Page

© TESCO stores group, which devoted less than 2 per cent of its profits to paying corporation tax in the last three years, has had two tay relief claims challenged by the Inland Revenue. Lex. Eack Page

A ALGERIA has raised its oil in custody by magistrates in prices by \$1.70 a harrel to the "buffolk," new ceiling of \$37 a barrel set OPEC members last month. Back Page

> O OIL PRODUCERS could see to the industrialised world fall from 21.8m barrels a day in 1980 to only 19.9m b/d in 1935, says a survey. Page It

> . COPPER prices jumped on the London Metal Exchange after it was confirmed that U.S. workers had gone on sinke when their labour contracts ended, Page 31

#### COMPANIES

@ BRITISH PETROLEUM is to buy the Belgian Tensia Group, a leading detergent manufacairer, for 225m-235m. Page 20

@ B AND W BERISFORD, the

GAS Association raised pre-tay profits by 14.9 per cent from 503.39m to 538.35m for the year to March 31, Page 20

expects second-quarter profits this year to total 27,86m, comguarier a**nd £402m a y**ear ago.

O PROPERTY HOLDING and Investment Trust reports taxoble peoples down from £2,24m to £1 25m for the year, mainly because of encoptional repair costs. Page 21

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwis	se indicated)
RISES	Assert, Dairies 176 - 4
Avana 138 + 4	Passett (G.1 45 - 11
Confrante Sn + 3	Beris(ord (S. W.) . 146 - 13
Flight Refuelling 322 ± 8 Hey's Wharf 240 ± 74	Divons Photo 95 - 5
Prov. Financial 126 ± 4	Dowty 195 - 7
Wilkinson Match . 129 m 11	Felchty 28 - 4
J <i>m</i> b Cont Gas 395 ± 23	GEC 296 - 19
Ashton Mining 144 = 6	Ulrafield Lawrence 35 - 8
Coronation Sand. 290 - 30	GUS A $\frac{424}{2} = 6$
Greenvalv 155 + 35 Hompton Areas 380 + 20	$\frac{101}{200}$ $\frac{376}{200}$ – 6
Hinme Gold 157 + 23	Midland Bank 350 + 8 Matheretre 238 + 6
ໂຕເກ່ ໃນກາກເ ວັງ 🛨 ຖື	Mathematics
Novin West Mining 147 + 27	Prop. Hidg. Invest 134 - 4
Poseidon 224 - 5	Beed total 176 - 7
Straig Oil 114 - 14	400ek (a) 29n — 2n
Vamens	Biele Resources 585 — 65
FALLS	Trucentral 322 - 6
A'pine H!des 53 - 3	Klonf Gold \$13 - 4

## Schmidt's Moscow visit raises hopes of missile talks

BY JONATHAN CARR IN MOSCOW

Schmidt's two days of talks month.

No. 28,207

with the Snviet leadership. The West German leader told Press conference vesterday he had "reason to believe it will come to negotiations" on the missiles problem.

He had always thought that East and West would eventually discuss the issue and his talks Moscow had strengthened this

the Soviet Union signed a longinio U.S. antagonism, coming 50 soon after the Soviet invosion

to Paris and Washington to tbe Mnscow discussinos.

BY GUY DE JONQUIERES

GEC said yesterday

decision was taken after Fair-

child's parent company, the

French-owned Schlumberger oil

services group, bad expressed

doubts that the project was

GEC has acquired Fairchild's

interest in the venture and will

complete the factory at Neston.

Cheshire, which was intended to

It will be used for the Sting

Ray underwaler ann-submarine

missile programme being carried

out by the Space and Defence

Systems group of its Marconi

It was not clear what, if any,

arrangements had been reached

hetween the two companies on

house the project.

THE General Electric Company

Hans Dietzich Genscher, the

intermediate-range nuclear missiles appear to have improved further troop withdrawals beas a result of Chancellor Helmut wond that announced late last

Her Schmidt's talks appear to have concentrated heavily on the missiles question. Both the Soviet Defence Minister and his deputy were unexpectedly drawn into the talks yesterday for two hours at the Chancellor's request, apparently so that Herr Schmidt could detall hi concern at the Soviet development of SS-20 missiles and the Earlier, West Germany and Backfire homber.

It was because of the Soviet term industrial and economic huild-up in the intermediateagreement which could well run range sector - missiles which can hit almost any target in Western Europe direct from of Afghanistan, It covers Soviet territory — that NATO nurlear power, as and raw took two interlocking decisions took two interlocking decisions materials, and high technology. Jast December. One stated that Herr Schmidt declined to give the West would produce such details of what specific advance missiles of its own, while the on the missiles issue might second urged the Warsaw Pact have been made in his Krem- to take un the offer of negotialin talks with Mr. Leonid tinns on the issue. The sugges-Brezhnev, the Soviet President, sinn was that, if the negotia-Bonn, he sald, would inform its tinns proceeded satisfactorily. allies of the result. Today, Herr few, if any, Western missiles would have in he deployed in Foreign Minister, will be flying Furnoe.

The Soviet Union has repeatedly refused negotiations until NATO rescinds this deci-The question of Afghanistan sion, saying that the West was was discussed. Herr Schmidt seeking to gain unilateral advan-

GEC and Fairchild

abandon joint venture

The prospects for East-West said, "with great openness" on tage through it. While Soviet negotiations on the control of both sides. But Missow gave inficials on the edge of the intermediate-range nuclear mission sign that it was planning Moscow talks have continued to express this view of the NATO action, there is no reaffirmation Soviet final communique or in a report on the Kremlin talks issued by the Soviet news agency

The communique says that in connection with the missiles issue "attention was given to prospects for negotiating an agreement." TASS said on the same topic: "The two sides declared they were in favour of finding a settlement which would meet the principles of equality

and equal security."
This tone was softer than the one adopted by TASS in connecilon with Herr Schmidt's comments on the missiles issue at a Kremlin banquet on Monday night. Then the agency had drawn attention to what it said were felt to be weaknesses in the Chancellor's arguments. Monday night Herr

Schmidt had forcefully urged the Soviet Union to adopt a timetable for reducing its forces ln Afghanistan. In answer to Press questions, he stressed that this proposal did not exclude the recent U.S. suggestion for an interim solution in Afghanistan.

Continued on Back Page Bann in industrial, economic accord with Moscow, Page 3 Editorial Comment, Page 18

GEC has received a £200m

contract for the final develop-

### Curb on top pay in Civil Service

By Richard Evans, Lobby Editor

HEADS OF nationalised industries, senior civil servants and the judiciary could he restricted to salary increases of 14-16 per cent This follows confirmation by the Cabinet yesterday that senior public servants will be expected to set an example in

the next pay round. It is expected, also, that MPs will receive a 12-14 per cent

A hroad decision in principle was taken at the special Cabinet meeting to restrict increases forthe senior public servants to well below levels recommended by Lord Boyle's top salaries raview body. Details remain to be worked out.

Lord Boyle is believed to have recommended about 28-30 per cent for senior public servants, hecause of the amount by which they have fallen behind in recent years, but the Prime Minister is believed to favour

14-16 per cent. The decision, likely to he announced next week after further Cabinet discussion, will cause a furore throughout the public sector, particularly among heads of nationalised industries. It will further restrict differentials and make recruit-ment at senior levels more dif-

Unlike on previous occasions, it will be a once-and-for-ail cut in salary rises. There will be nn question of catching up later.

#### Going rate

But Ministers believe the Government faces a crucial dilemma in the public sector over par next winter. Expectations are bigh because of infla-tion. Ministers believe an example must be set at the top.
An annuncement on MPs' pay, which is also likely to be restricted to below Lard Boyle's recommendations, will be made on the same day. Expectation at eWstminster is that MPs will

per cent. Whether the Government They agreed last summer to whether it was advisable to get wishes it nr not, the range (GEC) and Fairchild, the U.S. invest about £10m in the pro- involved in large-scale producchosen for top people's salary semiconductor manufacturer, ject. Stost of this sum was to tion of micro chips, the bulk of have ahandoned their joint be provided by GEC in ex-venture to mass produce change for an undertaking by sale on the competitive world microchips in Britain. Fairchild to supply the MOS market. increases is likely to he seen as the projected going-rate for the public sector in the next pay round.

The company is helleved to think that the case for the joint Thatcher went further venture bas weakened since than hefore in signalling demise several U.S. semiconductor comof the Clegg Commission Pay Comparability. The Prime pantes announced plans to noen Comparability. The Prime lieved to regard as M. Thorn's Minister said: "I do not think excessive enthusiasm for a manufacturing plants in the the life of that commission will The company's policy now is be Indefinite." to purchase selectively from the

During Questions to the outside much of the micro-Prime Minister, Mr. Geoffrey electronic technology which it requires and use it to produce Rippon, former Environment Secretary, condemned the comadvanced components under mission as a disaster.

## Extra aid for Harland and Wolff yard

BY JOHN ELLIOTT AND STEWART DALBY

GOVERNMENT has THE mounted a rescue operation for the Belfast shipyard of Harland and Wolff.

It has promised to provide State funds of at least £66.5m over two years despite warning last summer that no more sup-port would be provided unless productivity improved,
Productivity has worsened in
the past year, but the Govern-

ment bas shrunk from allowing the State-owned yard to collapse because this would lead to 7,000 shipyard workers being put out nf jobs.

The Government wili provide funds to cover iosses estimated at £24m for 1979-80. It will inject at least a furtber £42.5m in the current year

This is in addition to £22m aid provided last year for 1979-80. At the same time it is considering a management shake-up at board level.

The new aid was announced vesterday only five days after Sir Keith Joseph. Industry Secretary, said he had agreed to abandon this year's financial targets for the British Steel Corporation and provide extra funds of perhaps £400m.

Both decisions illustrate the problems Ministers are facing in trying to operate their policy of disengagement from industry at a time of worsening recession, particularly in the shipbuilding and steel industries which are facing spēcial worldwide problems.

The Government hopes, however, that the new aid for Harland and Wolff will not mean any increase in public spending.

Mr. Humphrey announced earlier this week that the Government is imposing a freeze on all public ex-

The 1980-81 hudget is £2hn and it is betieved that Mr. Atkins made his decision in a order to be able to allecate money in Harland and Wolff and to other job protection schemes.

penditure in the province until funds have been realocated.

Together with Courtaulds, Harland is the largest single industrial employer in Ulster where there have been announcements of heavy redundances in recent months,

Details of the fresh aid emerged yesterday in a long Commons statement by Mr. Giles Shaw, Northern Irelaod Minister for industry. He attempted to explain the Government's change of policy by saying that the lack of improvement in productivity was not entirely the fault of the management and workforce.

The yard now bad a chance in improve its performance when working on two BP tanker orders, together worth £50m, were announced last week.

The Government is to establish an independent review team to examine ways of ulversifying work at the yard. In addition, said Mr. Sbaw, the Government would be "reviewing the struc-ture of the Board and its executive management policy."

Shipbuilding Orders 'inadequate,' Page 10

#### Luxembourg Minister to succeed Roy Jenkins

receive a pay rise of about 12-14 President of the European Comnounced last night.

on M. Thorn late on Monday In the Commons yesterday after France had apparently withdrawn its long-standing reservations about what President Valery Giscard d'Estaiog is bestrong Brussels Commission.

The French Government is also believed to be enneerned that, because Luxembourg yesterday took over the ratating presidency of the EEC Council M. Thorn might be exposed to

M. GASTON THORN. Luxem- som conflict of interest doring bourg Foreign Minister, will the six months before he takes succeed Mr. Roy Jenkins as over from Mr Jenkins. M. Thorn, aged 51, has been

mission on January 1, the prominent in Luxembourg Luxembourg Government an politics for nearly two decades, nounced last night, and served as Prime Minister EEC Foreign Ministers agreed from 1974 until last year. A Community of his appointment is expected at the next meeting of EEC Foreign Ministers on

E in New	York	
	June 30	Previous
Spot 1 month 5 months 12 months	52.3560-3570   1.80-1.75 dis,   4.20-4.15 dis,   9.15-9.00 dis.	1.60-1.55 dis 4.25-4.20 dis

## Aston Martin bid for MG fails

(Metal Oxide Silicon) techno-

logy needed to make the chips. The decision leaves INMOS.

the National Enterprise Board

subsidiary, as the only project

for the production of large-volume "standard" microchips

in which there is a UK interest.

construction work has been largely completed, was due to

start production of mlernchips

But the future of the project

has been increasingly in noubt since Schlumberger took over

Fairchild late last year. The

French group has consistently

declined to comment on the

this autumn.

The Neston plant, on which

commodity merchant which node a \$120 6m bid for British Sugar Corporation, plans to raise \$08.5m from shareholders with a rights issue Back Page **■ IMPERIAL CONTINENTAL** 

@ TERCENTROL oil group

BY IOHN GRIFFITHS

has failed. Production of the MGB sports

viable.

division.

contoensatian.

car is expected to cease in about three months. The 820 workers told on Friday whether there is any chance of some jobs being salvaged. Ironically, had the consortium not appeared on the in time are block. scene. BL would have implein save at least 400 jobs.

THE ASTON Martin-led constors understood the consortium had by the consortium that they are tum's bid to take over the found only about firm after building of MG cars from BL potential UK-based investors withdrew carlier.

viving an exceement if Mr Alan-Curis, Asion Martin's chairat the Abingdon plant will be man, succeeded in a last-ditch affeingt to raise lunds from Japanese sources.

Pratt Thomson, BL Interhad no option but to stop pronational's chairman, that is had duction as soon as possible. heen unable to come up with the A statement issued after the necessary finance. Of the esti- talks said: mated £2n-£25m needed. It is "BL Care has been informed

BL left the door open to re-

has been recently reconsidering export potential.

But the prospects of doing so BL said that it expects to lose mented plans—since dropped—
to save at least 400 jobs.

Distant the MG operation this year. With 13,000 unsold cars in At a meeting in the City yes- the U.S. and elsewhere. Mr lerday, the consortium told Mr. Thomson made is clear that BL the U.S. and elsewhere. Mr

unable to raise funds as envisaged in the agreement in principle of March 31 and regrettably has no alternative but to cease production . . . BL has advised the consortium that should it succeed in raising the necessary finance BL would be fully prepared to reopen dis-The Ahingdon workforce was

told of BL's decision yesterday afternoon. Before Friday. BL manage ment will be examining ways in which some jobs might be saved.

Continued on Back Page Ford seeks redundancies, Page 10 Agnelli Warning, Page 27

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Les Lombard Management Men & Matters Commedia Partiament European Options For inter: There Index "phone 01-246 \$025

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Faul & White
Pren Trust
Typical

Tyndall .....



Financial Times Tuesday July 1 1980

#### Trade gap widens in Italy

By Paul Betts in Turin

OFFICIAL FIGURES showing official figures snowing a trade deficit of L1,513hn (£773m) in May further underlined yesterday the sharp deterioration in Italy's general economic situation. They were released on the eventions of the control of th of a key Cabinet meeting today which is expected to approve a package of emergency economic measures to help support the currency and hoost industry's competitive-

in the first five months of this year, the trade deficit totalled L6,893hn (£3.47bn) compared to e deficit of L1,350hn (£690m) during the same period last year. The increase reflects the substantial rise in the cost of oil imports, which in May alone amounted to L1.304hn. coupled with a fall in export performance. Exports increased by 18 per cent during the first five months compared with the same period last year. Imports grew by 40.6 per cent.

Meanwhile. nearly 6m workers temporarily paralysed Italian industry for four hours yesterday following a nationwide strike call by the nuions to press for government aid to increasingly troubled industrial sectors including chemicals, vehicles and telecommunications.

## Detente is alive and well-between Greece and Turkey

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

DETENTE IS alive and well—at resentment against the U.S. least between Greece and among Greek leaders, and delay-That was the message from Ankara this weekend, after the meeting between the two countries' Foreign Mini-sters. But for the many North Atlantic Treaty Organisation officials who helieve the alliance's southern flank is its Achilles heel, the meeting was no occasion for joy. On the positive side, it was

the first time a Greek Foreign Minister had visited Ankara in two decades, and it led to the two countries agreeing that they should talk at that level more frequently But, less hopefully, the whole Atlantic Alliance meeting showed that none of the countries which can influence Greece and Turkey were prepared to cajole, wheedle or bully the two putative allies to compromise over the Aegean Sea dispute which divides them and weakens the alliance. Recent months have seen fresh

Ministers of the two countries, attacking speeches by each other, and more complaints about flights by Turkish military aircraft in disputed air space. It is now five years since Greece's aged anti-aircraft batteries last fired on a Turkish aircraft and But the dispute over air end sea rights, although arcane in detail, has deeply corroded the alliance. It is preventing Greece's full reintegration into the alliance's military command. It is fuelling

ing signature of an agreemen to cover the future of the important U.S. bases and military facilities in Greece. More ominously for the alliance, it is helping the rise of an opposition which, unlike the present Greek Government, is hitterly critical of Greece's alliance membership. the tenth member of the Euro-pean Community next year, it is about to become an internal problem of the Community

All Atlantic Alliance mem-bers agree with Britain that resolving the difficulties between Greece and Turkey must he "one of the aliance's most pressing political aims." But moving from this tacit agreement to action has been difficult. Some Western countries sug-gested to West Germany that, in exchange for en-ordinating a major package to aid the Turkish economy, Bonn should insist on progress in the Aegean. This suggestion was turned down.

Washington also has reservations about pressing for a solution, according to other alliance members. They explain that in an election year the U.S. Administration has to keep a wary eyc on the vote of the 2m Greek

In practice, the alliance has delegated the task of bridging OAGL the Aegean to Gen. Bernard Into the alliance merely in-

Turkey Greece 3,500 1.320 TANKS COMBAT AIRCRAFT 303 259 DESTROYERS FRIGATES 14 13 SUBMARINES TOTAL ARMED FORCES 470,000 184,600 mander to Europe. Since sucception of military command and of conflict ever since Agamem-ceeding Gen. Alexander Halg. control. But underneath lie the non sailed for Troy. The last

he has continued his predecessor's shadowy shuttle diplomacy

He has played his cards close to his chest, but the general mood is that "There appears . . to be little common ground current (Atlantic Alliance) reintegration negotiations," as a recent staff report for the U.S. Senate Committee on Foreign Relations concluded.

On the surface, the dispute Greece's re-integration volves differences over the allo-

case, the fundamental worry is that Grecce might try to turn the Aegean into a "Greek the Aegean into a lake," cutting its ports off from international waters and depriving it of an equitable share of the Aegean scabed. (That the prospects for oil are relatively poor is less important than the issues involved.)

The Greeks' concern is for no less than the future of their outlying islands. The Aegean has been a sea

anxieties of hoth countries over territorial change was in 1947, their vital interests. In Turkey's when the Treaty of Paris say the allies taking the Dodecanese islands from Italy and giving them to a war-proud Greece. treaty altered the That

halance between Greece and Turkey established under the Treaty of Lausanne in 1923, and to some extent sowed the seed from which the present troubles were to spring.

After years of muted argument, the problems came into the open in November, 1973, when Turkey awarded mineral

exploration rights in parts of the Aegean seabed claimed by This would increase the shara of the Aegean which is sovereign islands and the Greek mainland. In July, 1976, both countries were put on a war footing as

cil and later to the International Court of Justice at The Hague. Since then, the two countries have defused the issue, held a summit meeting in Montreux, and had regular talks between the secretaries-general of their Foreign Ministries.

Turkey carried out further sur-

But the issues remain un-solved, with the nuly concrete progress being this February. when Aegean airspace was opened to international air traffic for the first time since The main problems are:

 The continental shelf: The Greeks claim that under the 1958 Geneva Convention, 1958 Geneva Convention, islands have a claim to their continental shelf. They draw a line equidistant between the eastern-most fringe of their Aegean islands and the Turkish mainland, claiming the shelf up to that line. The Turks argue that, under the emerging Law of the Sea text, coastal states have precedence over islands. They assert that the demarcation line should he down the centre of the Aegean, midway hetween the two mainlands.

Territorial waters: Both sides claim territorial waters of six

cent It would close off Turks from unfettered access to the high aeas, and Turkey vey work in disputed areas.

Greece took the matter to the United Nations Security Coun

it would consider such a step by Greece as a cause for war.

Air space: Greece claims rights over airspace extending 10 miles beyond its territory. Turkey only recognises its rights to six miles, and, to Greek protests, insists on flying aircraft in the disputed area.

 Military command of the Aegean airspace: before Greece Atlantic Alliance in 1974, a Greek commander had operational control of the airspace of the Aegean up to, approximately, Turkish territorial waters. The Greek commander under an American

Naval command in the Aegean: Turkey had long objected to Greece having naval with the airspace, it is demanding that this he solved hefore alliance's command structure.

general based in Izmir.

The various formulae pro posed have been militarily un-satisfactory, but many Alliance countries argue that It is worth making a small military sacrifice to political expediency. What has been lacking so far, on either side of the Aegean, is any evidence of the will miles. Greece has reserved the necessary to do this.

Professor Günter O. Eser, member of the Executive Board. Lufthansa. You say you will have the largest and most advanced freight terminal in the world, Professor Eser. How much will it cost you?

We are spending more than Dm200 million building it because we rightly anticipated a rapid increase in our international markets. We need to keep very well informed on the latest developments in those markets.

How do you find information like that which you can rely on?

I read it in the Financial Times FINANCIALTIMES Europe's Business Newspaper

The Financial Times has been printed in Frankfurt, as well as London, since 1979 and is now widely available in an international edition. For further details: Financial Times (Europe) Ltd., Frankenallee 68-72, D-6000 Frankfurt Am Main 1, West Germany.

## **Rumours send East** mark tumbling

BY OUR BERLIN CORRESPONDENT

lowest level in more than a dacada against the Deutscha Germany is planning to call in its currency and issue new

Deutsche Marks Twenty Deutsche Marks bought 100 East German Marks yesterday at exchange bureaux in West Berlin, while sellers of East Marks bad to pay 100 of them to buy DM 17.

East Germany officially pegs its currency at one East Mark to one D-Mark, but millions of East Marks are smugglad to the West by retired East Germans and by East Europeans who are

allowed to visit the West.

East Berlin has issued an angry denunciation of Western reports that some West German banks have halted dealings in East Marks because of the fall the exchange rate.

Without mantioning rumour of a possible change in East German hank notes, the official news agency sald the impression bad heen given that

THE non-convertible East the same "depletion" as the German Mark has fallen to its Dentsche Mark. This it called lowest level in more than a "downright nonsense," as the dacada against the Deutscha East German Mark "cannot Mark on rumours that East even be taken to the capitalist West according to the currancy laws of the GDR."

Herr Hans Blasch, the owner of a West Berlin exchange bureau specialising in non-convertible East European currencles, said his sperad between the buying and selling rates for East German Marks is normally DM 2.50 but that he now takes DM 3 "because of the risk," while some banks are charging

DM.4. He doubted, however, that East Germany plans to issue new-currency in order to wipe out the East Marks in the West as well as black market money ioside East Germany because the cost would be out of pro-

Herr Binsch also West German reports that East Germany is dumping large amounts of its currency in the West in order to obtain badis the East Mark had suffered from needed hard currency.

## All quiet on the Eastern front

BY LESLIE COLITY AT OBERSUHL ON THE EAST-WEST GERMAN

NOT ONE East German has managed to escape into West Germany this year along the 71-kilometre stretch of border patroiled by Capt. Arnulf von Stein of the West German frontier police and his 15 men. Last year, seven East Germana made it into his part of the border, separating the Land of Hesse from Thuringia in East Germany. Through dense forests and across the Werra River and lush pasture land tha frontier winds, separating villages and families less than

These days the West German border patrols are reporting "no incidents" along the entire 1,344-kilometre frontier. Only 99 East Germans escaped to West Germany in the first four months of this year, and most of them were smuggled out in Western cars down the East German transit antobahns between West Berlin and West Germany. Last year, 463 East Germans made it to the West, of whom about 400 came out via the transit routes.

The sharp decline in the number of escapes across the frontier, which runs through "green heartland" Germany, has cansed one West German frontier police com-mander to speak of a "rusting border," rather than an "Iron

Ten years ago, the commander's remarks would have spelled the end of his career. A heated dehate would have hegun-especially in an election year like this-over which political party had deserted the goal of a united Germany, Today, after a brief flareup over the commander's remarks, the once-emotive border issue has again receded to the hack of the minds of most West

But the border commander was sharply attacked by Herr Werner Marx, the Opposition Christian Democrat spokesman on inter-German affairs, who called the remarks "unbelievable" and said the "Iron Curtain not only isn't rusting but is being perfected."

Viewed from just ontside the village of Obersuhl in West

Germany the "modern state frontier" stretches hack one kilometre to the village of Untersuhl in East Germany. Between them is a 3.3-metrehigh wall at Untersuhl, a dog run, a six-metre-wide control strip which is always freshly raked and illuminated at night by arc lights, an anti-vehicle trench and finally a metal grid

fence 3.2 metres high
"It has become very quiet
here," says Capt. von Stein. The last shooting incidents between his men and the East German horder troops on the other side took place years ago. This fence has replaced a row of barhed wire fences, between

which were landmines which used to explode under the weight of heavy snow, or were set off hy straying animals. Elsewhere along the border the minefields are gradually being replaced hy the metal grid fences. These fences have SM-70 self-firing devices mounted on them metres at three heights. The weapons are triggered by anyone touching the fine wires running along the

fence. A hurst of shrapnel is released, designed to immobilise, but not kill escapees. No one knows how many East Germans are caught trying to escape, but each year the Waft German Government buys the freedom of about 1,000 East and West Germans from East German prisons, and amon them are would-be escapers who have served all or part of

their sentences.

To effect this transaction, the West German Government uses the expensive services of Her Wolfgang Vogel, the East German lawyer who represents the prisoners. Herr Vogel was recently angered by a West German buman rights his work has not been inter rupted. Another group of freed prisoners arrived by bus recently at the West German bordar.

#### New man in Brussels: Thorn in Giscard's side

By John Wyles in Brussels

LIKE HIS native Luxembourg, ... M. Gaston Thorn has neverlet his size temper his ambitions. This diminuative 51 year-old will swap the job of Luxembourg's foreign minister for the post of Presi-dent of the Enropean Com-mission, in succession to Mr.

Roy Jenkins.
The sigh of relief from Luxem bourg may well be audible 135. miles away in Brussels if he finally sinks into the President's chair at the beginning of next year. After being the front runner for the past six months, it seemed that EEC heads of government, more especially President Valery Giscard D Estains of France. were reluctant to award him the prize when they came to make their choice at the Venice summit

#### Sole reason

, 35 Ç

The Comment of the Co

Even now, France's acceptance this week of Luxembourg's former Prime Minister remains qualified and this is the sole reason for the delay in making an official announce-

if M. Thorn stands down then the EEC council of Ministers —which Luxembourg also now heads—could have its first Woman President because Mme Colette Flesch, the Mayor of Luxembourg was benig tipped here vesterday to succeed him at the Luxem-hourg foreign office.

France is finding it difficult to that for the next six months M. Thorn could well be straddling two of the Community's three institutions. Under the six-month rotation system, the Presidency of the Community yesterday pased from Italy to Linembourg which means that Foreign Minister Thoro is now president of the EEC's Council of Ministers. -President Giscard is probably

more worried that Presidentdesignate (of the Council) Thorn. The Council's President might, for example, seek to exert heavy influence over President-designate Thorn wover the members of the new Commission to be appointed by the Ten (Greece hecomes a member from January 1 next-year). Mr. Jenkins would have wished for more authority over Commissioners' appointments and M. Thorn. choice of his colleagues.

#### Ambition thwarted

Mr. Thorn's "European" conpart of the reason for President Giscard's original reluctance to endorse him. A year ago Frence helped thwart one of his ambitions with Madame Simone Veil carried off the Rresidency of the European Parliament.

Given the decline of the Com-mission's authority over member governments for the tasi ten years, M. Thorn's belef in a strong and vigorous Commission promises some

interesting classes

He has been his country's
foreign minister for seven of the last 12 years and Prime. Minister for five. There seems little duobt about the experience he would bring to the job, nor about qualifications on paper—to hold his own on the World Stage. M. Thorn has a reputation as

a fixer able to reconcile conflicting interests. This is a natural role for a Luxemhurger whose country is often wrongly designated as the EEC's Ruritania. As a highly prosperous and once strategi-cally important pocket sown. The onto the borders of Belgium, Germany and France (French food in German portions). Laxembourg has probably no equal in its possession of a political punch several times its geographic and popular weight. This is almost entirely

due to being a founder memper of the EEC. More tangibly, Luxembourg has elso established itself as the EEC's second city and the home of the Community's nuclear safety procedures. That court of justice, investment deals with the need for FEC bank, audit court, the secrelariat for the parliament and of several divisions of the have helped boost income per tier reactors could cause head to a level some two-thirds higher than in the UK. has given the Duchy a new form part of its frontiers with commercial importance

## Russians face worst food shortages for 20 years

BY DAVID SATTER IN MOSCOW

experiencing severe shortages of Chelyabinsk. worst food supply situation in about the strikes with unusual

Reports from cities all over butter is being rationed and unrest could spread. milk is frequently unobtainable. auto plants in Togliatti

Olympics, the Soviet Union is out at a tractor factory in

vehemence. This is taken to be a reflection of the political

The shortages are thought to 1980, Soviet milk production year's level ever since. have been hehind an nuprece-dented series of Soviet work secutive drop in production in River lorry factory. There has protein alternative to meat, have been the first area to he byestock and forced uncono- some families are requesting

ON. THE EVE of the 1980 also been a fresh one-day walk Meat production rose 2 per cent, damaged by shortages of feed-mical distress slaughtering. The meat production figure, stuffs. although an increase, probably meat and dairy products in what . The Soviet press has devied represented a sharp drop in reported to be particularly citizens is the unknown quanis believed to have become the reports in western newspapers output for the months of March, severe in the regions where the of meal and milk products

unrest could spread. were extraordinarily high, and and butter hardly at all. In the last few months, a ln the first five munths of apparently has been below last. The shortages are helieved to general picture has emerged of

The food situation was supplies to ordinary Soviet April and May, however. Soviet there have been reports of which are believed to be held meat production increased 11 labour unrest. There was in reserve in order to furnish per cent and 13 per cent in the reported to be no meat in the five Olympic cities the country indicate that in sensitivity of the subject, given state sector during January Gorky region, while in Chelys-Mosenw, Leningrad, Minsk, many areas, meat has dis-the food supply statation and and February, two months minsk, milk was said to be kiev and Tallion—at the time appeared from the state stores, the tops shilling that labour during which slaughter rates available now in the mornings of the Games.

result from a bad silage emp shortages affecting most of the The 2 per cent increase also two years in a row, which cut country but particularly prodoes not reflect the situation of into furage for milk cows, and vincial industrial cities where stoppages reported to have the last three years. Butter private meat production by from last year's grain harvest workers have no easy access to occurred in May at the giant production fell 8 per cent, as collective farmers, which failure, which when reinforced the countryside. and milk supplies were diverted to accounts for 30 per cent of by the U.S. grain embargo, cut Gorky and in June at the Kama cheese production to furnish a Soviet consumption and would inin supplies of feed grain for city in the Southern Urals.

An added factor affecting

In Magnitogorsk, an industrial

Moscow, In Arkhaogelsk, diplomats report that milk is sometimes sold only by doctor's prescription or to nursing mothers. while in Kazan, a provincial capital, hutter is heing rationed through a card system on the

basis of one kilo per month. The situation is also said to be very serious in Eastern Siberia, Dissidcors who have returned from vsiting political exiles report that there has been almost no meat or butter in several cities in Yakutia for

over a year.
The shortages have been felt even in Moscow, the best provisioned city in the Soviet

food parcels from relatives in appeared from the markets, carrots are unusually scarce and for the first time in memory. shops are running out of milk.

> Soviet leadership is deeply concerned about the possible consequences of a continued deterioration in the food supply situation. Although at least one Western diplomat has recently been prevented from visiting Togliatti, where there is believed to have been a strike, top Soviet leaders have themselves made a number of visits to the scenes of reported

## Bonn in industrial, economic accord with Moscow

BY JONATHAN CARR IN MOSCOW

WEST GERMANY and the In an apparent effort in allay context of world economic anoexes which specify which soviet Union have signed an U.S. fears, Bonn has sought not downturn.

As late as Mooday night, the particular interest. WEST GERMANY and the industrial and economic cooperation—an accord which
could be met with reservations from the U.S. in view of the
Soviet intervention io Bonn wanted the accord now concluded, which comes during Chancellor Helmut Schmidt's visit here for talks involving world political issues.

Bonn wanted the accord now accord now the concluded, which comes during the concluded, which comes during the concluded with the concluded

allies in inflict economic punishment on Moscow, for its military action, neither the Federal Republic nor other European countries has been whole-heartedly behind this strategy.

signed at relatively low level While the U.S. has urged its but the Russians appeared to prefer a high-level ceremony. In banquet speech on Monday. Mr. Leonid Brezhnev, the Soviet leader, publicly underlined the importance the new accord could have-particularly in the hilateral en-operation-and four technology machinery, compo-

As late as Mooday night, the particular interest. protocol issue remained un-resulved but in the event the Bonn and Moscow will work The accord was signed yester- power for peaceful purposes, day by Mr. Vladimir Semyonov, including electricity production, day by Mr. Vladimir Semyonov. the Soviet amhassador to Boon. Specific projects are not menand by Herr Hans Georg Wieck, tioned. the West German ambassador in

One key section says that West German view prevailed, together to develop nuclear

Other parts of the accord urge Inscow. co-operation in exploitation of The agreement consists of an raw materials deposits and 11-page section laying down the natural gas, supply of drilling broad field for development of equipment and other advanced

sinn instruments in the elec- delivered to the Soviet Union tronics sector-as well as an exchange of licences, patents and knnw-low.

The agreement also urges stronger baoking and insurance links, saying hoth sides will last decade, from a volume of seek to ensure that credit is

possible terms. At present the credit issue is an outstanding problem in a crease of 36 per cent on 1978. proposed DM 20on (\$4.8bn)

oents, calculators, and preci- meter steel pipes would he -mainly by German companies -and the Soviets would provide natural gas in return.

has expanded sharply over the only DM 2.8bn in 1970 in granted on the most favourable IM 14hn in 1979. Last year Soviet deliveries to Germany deal, under which large dia- DM 6.6hn, a rise of 5 per cent,



#### **EEC** agrees package with Turks

By Oar Brussels Staff

AFTER NEGOTIATIONS lasting until four in the morning, the EEC and Turkey yesterday declared their satisfaction with a package designed to renew the latter's economic and political links with the Nine. The pegotiations were the

culmination of a joint attempt to revive the 17-year-old association agreement between the EEC and Turkey. This agreemen was designed to pave the way for eventual Turkish membership of the Community hut its operation had been frozen by Mr. Bulent Ecevit, predecessor of the present Prime Minister, Mr. Suleyman Demirel.

to succeed him at the Luxen-hourg foreign office.

Trance is finding it difficult to swallow the curious precedent that for the next six months membership before the end of the year, the Nine are bound to an excuse for delaying action on acy application by Ank - a. The Nine have limited their

financial aid to a five-year package of £228.75m in grants bearing a nominal interest charge and £137.25m of European Investment Bank loans.
This money will start to flow

for mutually agreed projects at the end of October next year. It will be in addition to \$45.75m the EEC has agreed to spend on technical projects in Turkey over the next two years.

The Nine have also agreed that the 645,000 Turkish workers in the Community should, after three years, have increased rights to change their jobs, and their children are promised employment opportunities after

vocational training."
A compromise was also found to suit West Germany on the difficult question of free movement of labour but the EEC will now decide by December 1983 whether and how to apply an earlier agreement guarante ing by December 1986 free access to the EEC for Turks. On agriculture, Turkey has won the staged removal of all Community tariffs on its products by January 1987,

#### France blocks industrial safety moves

By Glies Merritt in Brussels

A BITTER wrangle over the responsibilities of EEC member governments when an industrial or nuclear catastrophe occurs on their borders has been provoked by France. It refused yesterday to allow the so-called "Seveso Directive." a set of industrial safety rules drawn up by the Commission to help avoid such disasters as explosion. Italy's Seveso because it would impose strict cross-border co-operation stan-

The directive, due to be adopted by Environment Ministers at the beginning of this week, has now had to be dropped from the Council of Ministers' calendar. All other EEC governments had been willing to accept the rules.

France's lone stand is under stood to stem from concern that adoption of the directive would set a precedent for another now being prepared on the question of cross-border governments to provide their neighbours with "impact assessments evaluating the poten-Euro-salaries tial damage that their nwn fron-

France has a growing numthirds higher than in the UK ber of nuclear installations an influx of foreign banks along the major rivers that Belgium and West Germany.

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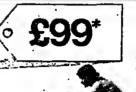
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The Executive Cabin.

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Financial Times Tuesday July 1 1980

#### South Korea 'will seek further loans'

By David Housego

SOUTH KOREA will be looking to further sbort-term borrowing rather than running down its foreign exchange reserves to meet a worsening current account deficit, Mr. Kim Woum Gie, the Deputy Prime Minister and Minister for Economic Planning, disclosed in London pasternay.

Earlier Government estimates of a current account deficit of \$4.7bn-\$5bn for 1980 had been revised upwards to \$5.5bo-\$6hn,

Mr. Kim said, -Mr. Kim is in London at the iovitation of Mr. John Nott, Secretary of State for Trade, after attending the anoual meet ing of the Korean aid con-sortium held in Paris under World Bank auspices.

The bank, io its coofidential report on Korea—the first report since the downturn in the economy and the surfaciog of political unrest after President Park's assasination—cautioned that the current account deficit should he held to about \$5hn a year during the early 1980s.
Mr. Kim confirmed that Korea

would be seeking between \$7bo-SSbn a year in gross capital inflows from ahrnad for 1980 and 1981 of which the Government was looking for \$1.ahn-\$2hn in syndicated loans

He indicated that the Government's timing of the proposed loan of \$600m for Korea Development Bank would depeod on the terms it could get from the market.

The Paris meeting of donornations agreed that the substan-tiel target of S7bn-SSbn a year over the next two years in external financing should not pose a problem of deht servicing for

## Tehran water chief taken hostage

lenge yet to Government efforts to cut expenditure by wage and salary reductions, 2,000 Tehran Regional Water Authority (TRWA) workers were yesterday occupying their head office building and holding the Director-General bostage

Workers at the main gate said he had been beaten up. Cuts in allowances and extra payments to employees have already provoked a resistance at the Abadao refinery and the Iran-Japan Petrochemical complex in the south.

Housing allowances have also been reduced or abolished at the Oil Ministry and some other Ministries, in an effort to cut the state wage hill, estimated at \$18bn (£7.7hn) a year.

late on Monday night when their overtime and housing and insurance subsidies were abolished. In many cases, takehome pay had been cut by half, they claim.

One worker occupying the office said his monthly pay had been reduced from Rials 50,000 (£301) to Rials 20,000 (£120). "How can I survive on this?"

Another employee, apparently a cleaner, displayed his latest pay sllp which showed his wage bad been cut by 50 per cent. A prolonged strike of water workers in Tehran would be particularly aerious since a drought has led to depleted reservoirs, and water rationing

is forecast. One complaint of the strikers The 7,000 employees of the is that they have not received water Authority, including a pay rise since the Revolu-white-collar staff, went on strike

IN THE most significant chal- and occupied their head office tries and in agriculture, pay tranian doctors, outraged by the has gone up two or three times since the middle of 1978. In the last days of the Sbah. work stoppage for today. his Government tried to quell

discontent by handing out pay rises of up to 150 per cent. The triumphant Revolution raised wages higher and intro-duced a minimum wage now about Rials 15,000. This has enabled most employees to sustain without

hardship ao aonual inflation rate put at 50 per cent by the International Monetary Fund. Maximum Government salaries of national bonds provoked so go-slow abandoned for the moment.

execution of a colleague, yesterday defied a Government threat and called a one-day

Doctors at two Tehran hospitals, where many wore black armbands in the dead man's memory said they would treat emergency patients so nobody would die. "This is the only way we have to reject what is happeniog in our country," one doctor at Tehran's 200-bed Mofid Hospital said

As reports circulated of wide spread anger at the execution in Tehran have been cut to Rials on June 27 of Dr. Ismail 200,000 (£1.204) a month, but Narimisa, who was found guilty rumours that the Government of plotting to free prisoners planned to pay all salaries above the Health Ministry issued a Rials 70,000 a month in the form statement forbidding a strike of "Those responsible strong a reaction that the for any such action will be dis scheme appears to have heen missed and handed over to the bandoned for the moment. appropriate legal authorities,'
Reuter reports from Tehran: the Ministry said.

#### 'Alternative budget' split in NZ **Opposition**

By Kenneth Ovender

A SERIOUS split has developed n the New Zealand opposition Labour Party over publication of an "alternative budget." The row comes on the eve of the Government's budget, due on Thursday.

Mr. Roger Douglas, an Auckland MP, a member of the shadow cabinet and a former keen supporter of the party's leader. Mr. Bill Rowling, an nounced on Friday his intention of issuing an Opposition budget in advance of the Government He dld this apparently without consulting his shadow Cabinet colleagues, and Mr. Rowling, angered by the unilateral action, dismissed him from the Opposition front

Mr Douglas' Budget included proposals to cut corporation taxes, abolish death duties, and reduce income tax by 35 per cent. The resulting loss of revenue was to be made up by indirect taxatioo.

But the internal party, row has taken on a deeper meaning. Mr Rowling's action in dismiss ing Mr Douglas precipitated a debate at a party leadership meeting on Saturday, which re-affirmed "its full support for

the leadership of Bill Rowling. But the party caucus will return to the issue of the leadership when it meets on Thurs day. Some MPs feel that Mr Rowling should bave consulted more party members hefore dis-

missing Mr Douglas. The attention of the party is being concentrated increasingly on the fact that the next elec-

Milling Corporation, which has

State farms, Prof. Dumont

argues, need to be "more care-

producers: "It is easy

nationalise but much more diffi-

cult to maintain or Improve

One of Prof. Dumont's main

concerns is the spread of a

costly, elitist bureaucracy—the

civil service, parastatals and the

ruling Chama Cha Mapinduzi party. "Rural development has

party. "Rural development man heen thought and superimposed town.

from above—frnm town, regional authorities, parastatals,

the party, government, intella

Tanzania in a common market, cost £12m in replacement of previously shared services. The war in Uganda with Idi Amin consumed £238m (£178m in hard currency) up to October 1979. But Tanzania's involvement has dragged on carrying that the corporation comes too

ment has dragged on carrying that the corporation comes too with it the borden of maintain-late, without enough money ing 11,000 men in Uganda. It to buy all available goods, and

is a nightmare obligation for not enough vehicles to carry Dr Nyerere. His full attention is them."

Gulf insurance pact signed

TOTAL RESERVE FORCE 30-000

## Australia starts a pre-election recruiting drive

BY PATRICIA NEWBY IN CANBERRA

A NATIONWIDE television ment is doing something about advertising campaign costing defence.
A\$3m (£1.5m) will be launched The by the Australian Government in the next few weeks, in an attempt to raise the number of stan and with instability continuing in the Middle East, patriotism and defence are for all three services in 1979-80 issues which Mr. Malcolm was A\$75m. Fraser, the Australian Prime

Minister, hopes to exploit in the build-up to this year's federal Fraser'a election. Australia's comparatively

small population (14m). and relatively few servicemen (less than 80,000); makes defence of such a large country by manpower virtually impossible. Defence planning hinges on so-called forward defence. Australia, either alone or with allies, should be in a position to fight for its interests away from Australia. Defence policy generally tends to concentrate on protection of sea routes to Australia by submarines and aircraft.

Defence planners generally recognise that Australia would not be able to win a war on its own territory with such a small fighting force.

Opinion polls show that Australians favour increased defence expenditure, and only last week Mr. Fraser was able to deny the state premiers more fully planned, managed and implemented." He cites the poor record of state-owned sisal funds for health, honsing, education and welfare, on the grounds that defence needs estates compared to the private

Although the Lahor Party Opposition supports increased defence spending, it is unlikely to win votes on the issue. Voters anxious about defence see the conservative parties as more likely to deliver the goods.

Lahor is concentrating on a package of measures under the umbrells of "family living standards." These include amhitions manpower programmes to alleviate unemployment, more Government-funded health care, year's freeze on oil prices. higher family allowances and welfare payments, and changes to henchi lower and middleincome groups.

The Liberal Party acknow-ledges it is most vulnerable on such issues as inflation, unemployment, rising health costs and oil pricing policy.

By making national security

an issue, the Government hopes to divert voters attention. Although 11 per cent inflation and 6 per cent unemployment are not high by world stand-Government has had enough time over the past five years to right the economy of what is basically a very rich country. The composite to increase the

Army reserves is designed to have maximum impact on a

man will nightly reinforce the aix months, Mr. Fraser message that the Liberal rebound from the e National Country Party Govern-

The cost of salaries and equipment for the increased which began yesterday will be A\$25m (£12.5m)—cheap con-Army reserves from 22,000 to A\$25m (£12.5m)—cheap con-30,000 over the next 12 months. sidering its electoral impact After the invasion of Afghani- and the cost of defence equipment like suhmarines and aircraft. The cost of the reserves

> was A\$75m.
> Despite the propaganda. there is no donbt that Mr. Government is seriously committed to improving Australia's defence.

Later this year, an order will be placed for 75 tactical fighters to replace Australia's Mirage squadrons. Before Afghanistan only 50 were to be bought. Four rather than three, frigates are to be bought, and army equipment will be substantially upgraded.

But by far the most significant and controversial defence move is Australia's offer to the U.S. of Cockburn Sound naval base, in Western Australia, as a home port for U.S. aircraft carriers, support ships, and

possibly nuclear submarines.

A.U.S. naval task force visited Australia recently to assess the relative costs and merits of an Indian Ocean home port at the base, 20 miles south of Perth. Other sites being considered

are Kyusbu in Japan, Guam in the North Pacific, and possibly the Palau Islands, north of New Guinea. Cockburn Sound is about 160 kilometres closer to the Gulf than Subic Bay in the a substantial naval base

· U.S. officials say the advantages of Cockburn Sound are Australia's political stability, the praximity of a skilled workforce, its position west of the narrow ages between Australia and the Malayan peninsula, and the social amenities of Perth, with its population of 750,000. Australia has offered to "par-

ticipate" in the cost of upgrading facilities at Coekburn Sound. No figures have been made pub-lic; but it is expected that several million dollars would be needed for ports and airfields. Australia expects no decision

on the base until after the presidential elections. But regardless of what the U.S. decides, the offer itself marks a distinct change in Australian defence and foreign policy.

The Western Government or Sill Court favours the project defence of Western Australia, which has always felt vulnerards opinion polls show that able. and the stimulation to more than 70 per cent of the stagnant Western Australians believe Mr. Fraser's lian economy which would result from the ungraded facilities and the basing of possibly up to 10,000 Americans near

On the other hand, there is a deep-seated suspicion in the Australian rather old-fashioned electorate.

which sees manpower as the which sees manpower as the policy since the Vietnam War, key to better defence.

By making defence a hig advertisements issue for the election, which must be held within the next aix montha, Mr. Fraser risks a

## Purge bites deep into Iran's officialdom

parts of government gets under way in Iran Ayatollah Khomeini the revolutionary leader, yesterday renewed his demand that all Ministries and universities be immediately cleansed of all remnants of the

Shah's regime. Some 700 people have already been purged from the Oil Ministry, which includes the National Iranian Oil Company. in charge of Iran's crucial oil

Most are thought to be office workers or middle management

officials. Purge committees in each Ministry seem to vie with each other in displaying their revo- to hit the middle class, particulationary zeal by announcing larly those educated in the or more specifically with Savak.

missals. Yesterday, 340 were expelled from the Post Office, 235 from Roads and Transport, and 35 from Radio and Television.

Ayatollah Khomeini, speak-ing to representatives of the militant Islamic Societies from the educational institutes yesterday attacked the universities as the training ground-forthe Shah's administrators and centres of western influence. Despite this, he said, the educational system had not proved capable of turning out

ordinary diseases.

Iranian doctors who can treat

AS A sweeping purge of all the day's highest total of dis- West, who have generally sup- his secret police. In reality, a ported President Abol-Hassan Bani-Sadr. Over the weekend, he said that changes were oceded io government organisation, not wide-ranging dismissals

President Baoi-Sadr's support is being peeled away like layers from an onion one diplomat commented vesterday. His mability to defend his

supporters is hound further to reduce his dwindling influence. thus benefitting the fundamentalist clergy of the Islamic Republican Party with who he has been hattling for power. Reasons given for indi-

Bani-Sadr's supporters and those of the Islamic Republican Party. The purge is also helping to perpetuate the polarities of

political struggle is being

fought out between Presiden

government hwich it is designed to end. "You reach an agree-ment with an Iranian official, but before signing it, he is dismissed. So you have to all over again," one foreign businessman said. A secondary motive for the

purge, insofar as the Ministires are concerned. Is that under the Shah the hureaucracy had swollen well beyond the present

Tanzania in a common market,

Prof. Dumont acknowledges

the problems. And he is full

of praise for achievements since

Michael Holman, recently in Dar es-Salaam, examines a critical report on the 'ujaa'ma' programme

#### Why Tanzania's Socialist experiment is failing to work East Africa Community, including Kenya and Uganda, with seen are overstaffed, with too many overheads." The National

in ceotral Tanzania has to walk 400 miles to take her harvest home—not hecause she lives that far from her acre of land, out because she has to make 40 separate 10-mile journeys to carry her total crop.

she complained of her lot to Prof. Rene Dumont, the French agrocomist studying, at the Government's request the success or otherwise of Tan-

In a still unpublished critical report. Prof. Dumont quotes population increase. the example to illustrate the characterises the programme, under which some 13m people are being regrouped into \$,000

That programme is the cornerstone of "ujaa'ma," and while
Prof. Dumont, a lifelong
socialist, praises Tanzania for

That programme is the cornercostly bureaucracy
to peasants' needs.
Perbaps most cr
prof. Dumont poi its socialist objectives, other ohservers in Tanzania believe the country is experiencing its most severe economic crisis since independence in 1961. .

Immediate problems were highlighted ov last month's shrugged off by outsiders as the hudget. Foreign reserves are norm. But Tanzania, one of the virtually exhausted, with arrears world's poorest states attracts in import payments, estimated special interest for two main in import payments, estimated at some £86m, stretching back nine months or more. The largest aid recipients, receiving estimated balance-of-payments some \$600m last year. Two

A PEASANT woman who farms port crops-which account for most foreign earnings—for the most part falling. Import licences have been drastically cut over the last year, resulting in a growing sbortage of imported raw materials and spares. falling manufacturing output, It was hardly surprising that and shortages of basic commodities. Meanwhile, and only partly because of drought in the last growing season, Tanzania is having to import large quantitles of food. It is apparently zania's socialist " ujaa'ma " pro- increasingly unable to grow enough to keep pace with its alarming 3 per cent a year

Underlyin the difficulties, and ous structural problems. Prof. Dumant and others single out the Inefficiency of the transport system, and the growth of a costly bureaucracy insentisive

Perbaps most crucial of all, Prof. Dumont points to the adverse impact on soil conservation and agricultural production of the "villagisation" programme.

Similar problems in many reasons. It is one of Africa's deficit is over £200m, with ex- thirds of the development bud-



Women working in a vegetable garden which serves 80 families in the Kilondoni district of Dar-es-Salaam

if things are going wrong, donor countries might feel some degree of responsibility.

Second, President Julius Nyerere is one of the Thrid other African countries are World's most articulate and persuasive participants in the North-South " dehate, hetween the industrialised northern states and the developing south, and a leading member of the Group of 77 ("the trade union of the poor," he has dubbed it. If be cannot preside over a

who in Africa can?

Tanzanian economists argue forecfully that much of what has happened has been outside their control, Prof. Kighoma Malima, Minister of State for Planning and Economic Affairs, calculates that oil imports took 10 per cent of Tanzania's emport earnings in 1972: "In 1980, a reduced quantity of oil imports will account for about 45 per cent of export earnings

This announcement appears

get is externally funded. Thus, successful socialist economy.

The breakup in 1972 of the

But he is sufficently concerned about developments over the past few years to make some

needed at home.

trenchant observations and issue urgent warnings. The villagisation programme, which saw a massive shift in population hetwean 1973 and 1976. was "made in a hurry, often without consulting the peasants, without planning, without taking account of agricultural consequences. "In spite of social improve-

ments (water, schools) the agricultural consequences have been, and are still now, overlooked and neglected."

statals" which dominate the collective way will never give " Parastatals we have good results."

Tanzania's 2nn or more "para- peasants against their will to a

#### gentsia, or even from outside the country by aid donors." The hureaucrats, he complains, tend Prof. Dumont reserves some to instruct the peasants rather of his sharpest comments for than hold a dialogue: "To push

yesterday signed in Kuwait the Iraq; Mr. Wasif Jabsheh. general final agreement forming the manager of Abu Dhabi National 'Arah War Risks Insurance Insurance Company; Dr. Mustafa Syndicate "—the Arah answer to Rajab, chairman of Iraq Lloyd's decision last year to Reinsurance Company, Dr. declare the Gulf a war risk zone. Raouf Makar, general manager The syndicate, which will handle only war, strikes, riots of Kuwait; and Mr. Ahmed and civil commolion coverage, Hussein Abu Al-Ila, general will begin operations on January manager of Red Sea Insurance handle only war, strikes, riots 1 next year. It will be based in Baghdad under the supervision of the Iraq Reinsurance

Company. Company representatives yes-terday also elected a technical committee with executive power over the syndicate. The committee will decide rates.

June, 1980

companies National Insurance Company of of Al-Ahliya Insurance Company Company, of Saudi Arahin. Dr. Rajah will, in effect, be general manager of the syndi-

participating companies will put up funds to facilitate syndicate operations when it first gets ommittee will decide rates. started. The amount, however, Members are: Mr. Muwafak bas not been set yet.

aimed at the soldier in every

These securities having been placed privately, this announcement appears as a matter of record only

#### HEINEKEN N.V.

Dfls. 75,000,000 10 per cent. Bearer Notes 1980 due 1987

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Swiss Bank Corporation (Overseas) Limited

as a matter of record only

## KINGDOM OF SWEDEN

DM 500,000,000

Long Term Loan at a fixed rate of interest

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**WÜRTTEMBERGISCHE KOMMUNALE** 

LANDESBANK GIROZENTRALE

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LANDESBANK RHEINLAND-PFALZ - GIRQZENTRALE -**BADISCHE KOMMUNALE LANDESBANK** 

GIROZENTRALE

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- GIROZENTRALE -LANDESBANK SCHLESWIG-HOLSTEIN

LANDESBANK SAAR

GIROZENTRALE

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## 1980.

Mercedes 200	£8394
Ford Granada 2.3GL	£8023
Rover 2300	£6904
Audi 100L 5S	£6690
Renault 20TS	£6668
Volvo 244DL	£6274

هكذامن الأصل

1984.

Let's assume the year is now 1984.

Four years ago you bought a new Volvo 244DL. At the time it seemed a pretty good bet.

In terms of performance and space there was little to choose between the Volvo and its rivals, give or take a few seconds and inches.

In terms of equipment the Volvo couldn't be faulted; headlampwash-wipers, atachometer, a heated driver's seat and 4 inertia-reel seat belts all came as standard.

And the Volvo did cost substantially less.

Looking back to 1980, do you still believe you made the right choice?

Well, if all the surveys by motoring magazines and consumer organisations hold true, you will have no regrets.

Time and time again the Volvo has come out as having fewer breakdowns than the average car, fewer major faults and fewer days off the road.

Or to put it another way, less expense for the Volvo owner.

So even if Orwell's vision of 1984 has become fact, at least you'll have one thing to smile about.

## AND BEYOND.

Many a car begins to show its age after 4 or 5 years' hard use.

Yet at this point a Volvo isn't even approaching middle age, let alone retirement. Statistics compiled by the Swedish Government show that Volvos last longer than any other car tested, giving an average of 17-9 years' service before that final journey to the scrapyard.

Obviously we're not suggesting you keep your Volvo this length of time.

But we are pointing out that their reliability and durability is well-known amongst those looking for a second-hand car.

Consequently, used Volvos tend to fetch a very good price indeed.

And there's nothing like a big cheque to soften the blow of parting with a car that's given you so much



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SERIACE TEL: PSINCE TEL: PSINCE [D473] 72026 PARTS TEL: CRCX (D788) 823511 SOURCE: SWEDISH MOTOR VEHICLE INSPECTION CO.1978.

#### Last minute talks on New York strike

LAST-MINUTE talks were going on here yesterday to avert a threatened walk-out tomor-row by the city's 42,000 uniformed employees.

The strike was called by

New York's policemen, fire-men, sanitation workers and correction officers at a noisy meeting on Monday night following the breakdown of talks over a new two-year pay contract.

Unions representing the uniformed employees are demanding 10 per cent a year plus 2 per cent to compensate them for the risks of the job. The city has offered 8 per рст cent, the same as it gave its civilian employees two

Uniformed employees are in a militant mood following recent police shootings and firemen injuries. But the city has also taken a firm stand against excessive pay in-creases in its effort to bridge the potential \$1hn hudget deficit in 1981, and heal its tattered finances.

A crunch is also looming in Detroit, where pay talks broke night deadline. The city has warned it has no money left to give. Bot with the Republican convention due to start there in a fortnight, it may be pressed into a settlement

Mcanwbile copper workers started a nationwide strike resterday after their pay talks broke down last Saturday over cost-of-living clauses. The walk-out involves 39,000 workers, Strikes have become something of a ritual in the copper industry's hiennial pay falks, and it was expected that



Congressman John Anderson common sense, common decency and plain dealing

## Anderson declares independent candidacy

congressman John Anderson route, Mr. Anderson is treading made his independent candidacy for the Presidency of the U.S. official, saying that he believed he had a real chance of winning the had a re he had a real chance of winning

In a formal announcement, the 20-year Republican Con-gressman from Illinois agreed that his campaign had prosted "from the widespread belief that neither the Republican nor the Democratic nominee is competent to deal with the nation's

"But," he went on, "I cannot ask Americans to vote for me simply because they dislike tha other candidates." His prescription, he said, was "no quick fix solutions" and "no grand ideologies," hut instead "common sense in economics, common decency in human rights and plain dealing in govern-

and George Wallace io 1968—in spite of apparently strong appeal in each case in the early

Mr. Anderson admitted yesterday that he bad bean encouraged by polls which generally give him about 20 per specifically higher proportions in some key states. One recent concluded that "under certain conditions" he could even carry the 10 largest states in the

stages of the race.

ber he will be reimbursed. He has already raised \$3m in small contributions.

But his relative poverty means that his effort has to focus on those states where he has the best chance at the expense of a truly nationwide campaign. Thus, while in effact writing off much of the south (Florida, perhaps, excepted) and southwest and mountain states, be will concentrate, in order of preference, on the northeast, the far west, and, depeoding on subsequent analysis,

on soma states in tha midwest. Mr. Anderson's goal is to ting on the hallot in all 50 as and to be exerting diploper of the Columbia. At present, Mr. matic pressure on the European entitled to the \$29m apiece in federal funds that the two main party nominees will receive.

A particular problem is get.

Meanwhile two other incompleted in all 50 also asid to be exerting diploperated also as and to be exerting diploperated been doing the Washington matic pressure on the European of the California-based Liher-Anderson does not meet European party nominees will receive.

which do no thermit canvassing for the ballot until later in tha

In at least half a dozen states, Mr. Anderson is mounting legal challenges to local rules that appear to make it impossible to appear on the hallot. In a controversial tactical decision, the national Democratic Party is devoting funds to the drive to kaep Mr. Anderson off the ballot, since it helieves, as do most other political analysts, that the Anderson factor will hurt President Jimmy Carter more than Mr. Ronald Reagan in tha

though if he scores more than petitions under way in another embarks on a two-week foreign 5 per cent of the vote in November 15 have laws familiarisation tour next week.

Financial Times Tuesday July 1 1980

Mr. Anderson denied know-ledge of such an attempt, though he added that, if true, it was unconscionable. As it stands, he is to travel first to the Middle East to see President Sedat of Egypt and Prime Minister Begin of Israel (if he has recovered from his latest haart ailment) and then to Europe, where an appointment with Mrs. Thatcher and Lord Carrington has already been arranged for July 17. A British embassy official here said he was unawara of any pressure from tha Administration

Meanwhile two other

#### Sioux win in replay of Little Big Horn battle

GENERAL CUSTER might well turn in his grava at this week's the Federal Government to pay the Sioux Indians \$122m as compensation for the seizure of the Black Hills of South Dakota

It is the largest Indian land compensation award in the U.S and could set a legal standard in cases hrought by other American Indian tribes se compensation for lost lands.

The U.S. government did not contest a claims court ruling last year that the Sioux lands reserved in a 1868 treaty were reserved in a 1868 freaty were worth \$17.5m in 1877, when they were seized after tha Battle of Little Big Horn and under pressure from white miners eager to prospect the gold lodes of the Black Hills.

But the Supreme Comb. Justices, by eight to one rejected the Government argument that this amount, coupled ment that this amount, coupled with some food given the Shore.

with soma food given the Sions in the 19th century, was adequate compensation. addition, the Court has ordered the Government to pay \$1050 in unpaid interest, calculated as the 5 per cent compound annual interest on \$17.5m over

103 years. Whatever the import of this ruling for other Indian claim cases, its effect is not clear for the Sioux who have been arguing among themselves since the case was started in the 1920s whether to take the money or press for the return of the land. The Black Hills is now a major tourist area with the Mount Rushmore rock sculptures of past white U.S. presidents.

Only one of the eight Sloux tribes, the Standing Rock tribe, has formally decided to take compensation in money. Following this week's ruling, the U.S. Treasury has said it will place the money in interest-bearing accounts until the question of. exactly who is entitled to the award is settled.

More arrests in Jamaica plot

FOUR more members of the army have been charged with being party to a conspiracy to topple the government of Prime Minister Michael Manley, hring-ing to 30 the number of soldiers and civillans arrested so far,

An army spokesman says there are likely to be more arrests of

## Threat and counter-threat in Canada's energy poker game

MR. PIERRE TRUDEAU, the Canadian Prime Minister, is playing a multi-hillion dollar poker game with Mr. Peter Lougheed, the stuhborn Premier the oil-rich provioce of Alberta.

At stake is the domestic price of oil in Canada and how it is to he divided between Ottawa, the Governments of the producing provinces and the producers themselves.

The contest has been going on since Mr. Trudeau was returoed to power at the bead of a Government February. So far it has heen played out hy the two energy ministers, Mr. Marc Lalonde for Mr. Trudeau, and Mr. Merv Leitch for Alberta. They gave up after three meetings.

A meeting between Mr. Trudeau and Mr. Lougheed has been arranged for mid-July, Mr.

Leltch bas said wryly that this natural gas. did not mean there was a prospect of agreement, hut any decision to walk out would hest be left to Mr. Lougheed himself.

Under an agreement running out at the end of July, the wellhead price of oil in Canada is C\$14.75 (about \$12.80) a harrel, and the price of imported oil is subsidised down to that level. With imports now averaging C\$38 a barrel, that costs the Ottawa treasury something like C\$3.5bn a year,

The Progressive Conservative Government of Mr. Joe Clark, in power in Ottawa from May 1979 until last February, had decided to let the Canadian price move fairly quickly towards 85 per cent of world level to encourage conservation, save subsidies, and satisfy the producing provinces. A parallel development was envisaged for the implicit threat, it would add

Summary of annual report

(in 2 million)

Under that agreement, the producing provinces stood to realise extra income of C\$40bn uotil mid-1984, and Ottawa

stood to gain C\$27.5bn Lougheed has vowed he will not settle for anything less Under the constitution. Under the constitution, Alberta has control over its own oil. But Ottawa claims competence over it once it is shipped to other provinces or abroad. That division of powers, so far, has always forced the parties to

But this time Mr. Lougheed has threatened to play rough. He is taking powers to order a cutback of production in his province, which accounts for 90 per cent of Canada's hydrocarbon production, if a cut should be in the public interest. If Mr. Lougheed makes good

1978

100%

compromise.

Trudeau was returned to power on the implicit promise of an addition to existing export con-oil price significantly below tracts. Ottawa, if it wished, world levels. His ministers have been speaking of a 'blended" price, without defining precisely what that means. The implication is a price arrived at by combining the price of imported oil with a notional figure for the cost of

Mr. Trudeau is under additional pressure because be wants to make a serious effort at constitutional reform this autumn, and can ill afford to spoil the climate by a serious row with Mr. Lougheed and the premiers of the other oil and gas-producing provinces.

producing oil at bome.

The acea, however, are not all with Mr. Lougheed. Alberta

greatly to the difficulties of the has been labouring under a surfederal Government Mr. plus of natural gas which it wants to export to the U.S. in could veto such exports. One school of though in Ottawa believes the surplus gas should be shut in until the pipelines are extended beyond Montreal to supply Canadlan domestic gas to eastern Quebec and, ultimately, the Maritime Provinces.

A single meeting is unlikely to resolve the conflict between Mr. Lougheed's refusal, as he would put it, to continue heavy subsidies to eastern Canada, and Mr. Trudeau's wish to keep down energy prices in the interests of consumers and to the competitiveness of Canadian manufacturers. A second meet-ing is likely to he called before the end of July deadline.



**Annual report 1979** 

## **ASHV Holdings nv** The Netherlands

Net profit £ 26 million

Turnover exceeds Dfl. 10,000 million-mark

SHV is an international group operating in distribution and service industries with a continuing policy of

The main sectors of the business are:

companies in Western Europe.

- Energy, transport and trade in raw materials - Technical services

International growth. It is one of the 10 largest trading

Key points from Annual Report 1979:

- In the year under review, turnover increased to more than £ 2,300 million, while operating profit was higher than in previous years. The same applies to net protit, which amounted this year to £25 million.

Wholesale and retail trade in food and consumer goods.

- 1979 was marked by a study of the possibilities for expansion of existing activities, and a careful consideration of the role and position of the Company in the 1980s. During the financial year, only a limited investment programme was executed, but a number of steps were taken in the organizational area in order to be better prepared for the future. Within this tramework, the relationships with the Company's major joint venture

- With effect from 1 January 1980, all Company activities in North America have been brought together in a singla organization, the group SHV North America. This group will also include Makro USA, which will commence pperations in 1980.

pertners were also the subject of study.

 In 1979, investments in fixed assets (net of disposals) amounted to £17 million.

-The growth in turnover was achieved with no increase in stocks and receivables, and the liquidity position was further strengthened.

Expectation for 1980:

In 1980, we expect a net profit in excess of £23 million.

Activities in the U.K.: Turnover in the United Kingdom amounted to

 $\mathfrak{L}$  232 million and the number of employeea was approximately 3,300.

Energy and Transport

The shipping and coal trading activities in tha U.K. form part of SHV's international involvement in all aspects of shipping and coal trading. The U.K. activities ere coal trading, bunker and oll cargo brokers, chartering (dry cargo and tanker chartering), shipping and forwarding

Self Servica Wholesale Trade: Makro

The organization in Great Britain experienced a very good year, and profita reachad a level that was comparable to that of Hulland or Belgium. This good result was achieved in spite of sliff competition from specialized discounters in both the food and the non-tood sectors. Tha construction of the 9th branch - Sheffield - is proceeding according to plan, and this store will npen in March 1981.

(III & HIIIIIOH)		
consolidated balance sheet		
fixad assets	304	303
	12	477
	87	363
<u> </u>	125	114
net assets	429	417
other long term liabilities	153	
guarantee funds	276	166 251
guarantee funds	. 270	231
This consists of:		
share capital and		
reserves including		
outside shareholders' interests		
în consolidated subsidiaries	180	174
provisions	71	51
subordineled long term debts	25	
according term dents	276	<u>26</u> 251
	2/0	251
key figures from the consolidated P & L account		
turnover	2,393.4	2,150.0
profit after taxation	25.8	9.0
cash flow	44.2	32.5
retyrn on shareholders' funds		
including third parties' interests	18%	9%
analysis of sales (in %):		
geographical		
in the Netharlands -	. 32	34
in the rest of the EEC	46	43
in the rest of the world	22	23
	100%	100%
divisionel		
Energy, transport and trada		
in raw materials	33	29
Technical services	11	10
Wholesale end retail trade in		

divisional (in %): Energy, transport and raw materials trading 29 Technical services Wholesale and retail trade in fond and consumer gnods 100% 31-12-1978 Dfl. 4.00-£ 1.00

Tha annual report 1979 (in English, Germen or Dutch) can be obtained on request from: SHV (United Kingdom) Halding Co. Ltd., Three Quays, Tower Hill, London EC3R 6 DH Telephone (01) 6269128

SHV Holdings nv 1 Rijnkade, Utrecht The Netherlands

31-12-1979 Dfl. 4.23-£ 1.00

food and consumer goods

anelysis of operationel profit

#### Heatwaves, drought hit U.S. and Mexico

SOUTH WESTERN states were vesterday still suffering the worst beat wave for a generation, with several dozen deaths attributed to the temperatures and severe damage to the region's agricultural economy. No raio is in prospect to dampen the forest fires that have broken out in Colorado other country depended so much and Arizooa, the weather service has reported. A total of 36,000 acres bave been hiackened in the two states, while generally crops have withered. In Arkaosas a major industry has been hit, millions of chickens have died

in their coops.

Blost Texas cities and towns have reported temperatures of over 100 degrees for the past week, with the mercury rising to 117 in Wichita Falls on one day and Dallas recording two successive days of a high of 113. The U.S. southwest is not the only area of the continent to be longed drought in the Canadian prairies is reported to be jeopardising much of that region's larger crop yields.

William Chisictt adds from Mexico City: Mexico is facing its worst agricultural crisis in a decade as a result of a severe drought in the north of the country. Food production is falling to such an extent that im-ports of cereals could be as high as 10m tonnes this year com-pared with 3.7m tonnes in 1979. Dams for irrigated crops are at a very low level.

Millions of Mexicans in the countryside are living at subsis-tence level. According to the country's development plan 233bn pesos (\$10.3bn) of Mexico's oil revenue for the next three years will be spent on developing agriculture, which employs 40 per cent of the work force hut produces only 8 per cent of the GDP.

Mexico's 3 per cent annual birth rate means that every year there are 2m new mouths to feed. Last year the volume of agricultural production fell by 9 per cent over 1978 and this year because of the drought and inefficient use of land, the situation will be a lot worse.

Mexican authorities have blamed the drought on the U.S. claims that the U.S. has been seeding burricanes headed for Mexico. The U.S. embassy recently stated that the U.S. National Oceanographic and Atmospheric Administration does carry out experiments with burricones but that none the hurricanes affected Mexico.

Toyobo profit

TOYOBO, the Japanese com-pany, has announced that its parent company net profit in the fiscal year ended April 30 rose 45.4 per cent to Y3.29bn (\$15m) from Y2.25lm in 1978-1979. Sales gained 15.2 per cent Y247.57hn (\$1.1lm) from Y214.92bo.

The gains were attributed by the company mainly to the recovery in the domestic textile market and an increase in exports associated with the yen's depreciation. Exports were Y21.9hn, against

## Trucking deregulated BY OUR WASHINGTON CORRESPONDENT

PRESIDENT JIMMY CARTER on road transport "for its yesterday signed a law phasing economic life's blood." Truck

latioo's chlef sponsors, Senator Edward Kennedy, who has not At a White House ceremony, Mr. Carter said the new law,

which restricts rate-fixing, gives companies greater freedom to enter the interstate trucking industry, and more leeway in setting routes, could save consumers up to \$8bn a year.

The President noted that no

out much Government regulation deregulation follows similar of the multi-billion dollar U.S. moves in airlines two years ago. trucking industry, and paid a and is a model for railway compliment to one of the legis-Referring to Senator Kennedy,

who atteoded the signing ceremony, Mr. Carter went on: "There's one person who has worked on this legislation for at least two years, sometimes alone, sometimes facing discouragement, but never giving up on the concept." It almost sounded like the Carter White Honse View of the Senator's Presideotial hid.

anute James reports from

soldiers and civilians over the next few days as investigations continue. The first arrests were: made ten days ago.

## During the past year 35 international airlines have brought 268,000 transit passengers through Beirut Airport

Beirut has one of the busiest airports in the Middle East. The past year has seen a considerable increase in passenger traffic through Beirut and MEA has made a major contribution to this growth.

Situated seven miles from the city centre, Beirut Airport is the crossroads for air traffic between Europe and the Middle East. And it is the home of MEA; one of the most important airlines in the region, linking London with every major business centre in the Middle East.

MEA offers travellers a good deal convenient departure times, comfortable transit facilibes at Beirut and a standard of service that makes every flight an enjoyable one.

For more information contact your IATA agent or MEA, 80 Piccadilly, London W1V ODR. telephone 01-493 5681



### Portugal withdraws backing for TriStar loan

By Jimmy Burns in Lisbon

AIR PORTUGAL's national airlines bas again halted con-ditional orders worth \$300m for five Lockheed TriStar 1011's The purchase would have been covered largely by a syndicated loan believed managed by Chase Manhattan and National Westminster Bank, as well as special credits from the U.S. Export-Import Bank But the Portu-Government has withdrawn its backing for the loan because of the airline's financial situation.

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Air Portugal recorded losses of Esc 2:3bn (£20m) in 1979 and bas been recently crippled by a prolonged strike. The airline's pilot's union yesterday voted to continue a week-long strike indefinitely and extended their industrial action to cover the tourist islands of the Azores and Madeira. The dispute has been costing the airline an estimated Esc 32.5m (£283.718) in-lost revenue daily.

This is the second time this year that the Government has balted Air Portugal'a negotiations with Lockheed because of the airline's financial difficulties. Last February the Government stopped Air Portugal's expansion plans until management agreed io present a recovery plan capable of putting the airline's Josses into the hlack by 1985. Negotiations on the TriStars vere resumed last month after the Finance Ministry endersed a financial restructuring scheme. The latest postponement is a serious blow to Air Portugal which has been negotiating the deal for nearly one year. The Portuguese Government is expected to meet later this week to decide on the future of the company, having warned that it might temporarily close it down.

#### Porsche pulley o deal for GKN

By Peter Cartwright GKN BOUND - BROOK has brought off a technical and ex-port coup designing a light-weight aluminium camshaft. pulley by the powder metallurgy method for Porsche of Stuttgart. Porsche bas placed the order for production tooling and original equipment supply. accelerating the move to lightweight materials in cars, including all aluminium engines. Un to now they have been using iron camshaft, crankshaft and intermediate sprockets and pulleys. - The new aluminium pulley is only about a quarter

The Porsche order was won against West German competi-tion, and first deliveries, for subsequent assessment Porsche, begin at the end of the

of the weight of the iron pulley

The Lichfield company is part of the GKN Powder Met division which has three factories and others in the U.S. Italy and India.

#### c115m ship orders

MONTREAL — Eurocanadian Shipboldings has ordered two oil and dry bulk carriers of 150,000 deadweight tons each for about \$115m (£49m) from the Hyunai Shipyard, South

Delivery is scheduled for 1982. The ships will be used on the north Atlantic. AP-DJ

## Japan agrees interest rate for Soviet pipe contract

THE EXPORT and Import Bank cials have finally settled on the interest rate to be charged on date yesterday of the old OECD low a 7.275 per cent rate on a the equivalent of \$350m in yen guidelines on rates which similar Eximbank credit last credits to finance shipments of should be charged on official year.

The interest rate represents the control of the official and the official and

Talks on the price of the steel pipe, bowever, continued yesterday without agreement between Mr. Victor Ivanov, Soviet Vice Minister for Trade, and the four companies supplying the pipe, led by Nippon Steel

in time to meet the expiration qualifying as a "medium" de-

The agreement on the in- the interest rate agreed to of Japan and Soviet trade offi- terest rate was reached barely after considerable hard bargain-

> commercial rates being charged. cent, up from 7.25 per cent funds while private banks make over the rise in the value of the stan invasion prompted the U.S. The terms of such financing up the rest at higher commer-

> Negotiations in ing was reportedly slightly be- over the question of interest solved later this week. The interest rate represents to force lower rates in view of April to be used in a Siberian guidelines the Soviet Union, a "blend" of the official and better lower terms won on natural gas project. "private" financing of large veloped country, should pay a Normally, the Eximbank pro-minimum annual rate of 8 per vides about 60 per cent of the many. They were also upset visit Japan since the Afgbani-

Moscow values-more expensive. The exports. The Eximbank was earlier this spring broke down price issue is expected to be given the go-ahead earlier this rates and the price of steel. The 750,000 tonnes of pipe during Japan plans to ship about Russians apparently were trying the fiscal year which began in

Mr. Ivanov is the highest

spring to extend financing for tbe contract, partly because similar transactions were being carried on by other Western European countries.

· The urgency of Mr. Ivanov's arrival last week became apparent as the deadline for the cheaper financing under old OECD guidelines approached.

#### Monday for a five-day visit during which he will meet key ministers and address the Nigerian-British Chamber of Commerce in Lagos.

ber last year.

John Nott

BRITAIN'S Trade Secretary,

Mr. John Nott, will become the first British Cabinet

Minister to visit Nigeria

since the new civilian govern-

ment came to power in Octo-

Mr. Nott leaves London next

to visit

Nigeria

Mr Nott will be the first senior Trade Minister to visit Nigeria since 1975. His trip comes at a time when British exports to what has traditionally been a major British market are again booming.

Nigeria's oil-based economy went into decline during 1979 because of a misjudgment of panies were particularly dsifavoured because of the Conservative Government's policy towards Zimbabwe.

But figures for the first five months of this year show British exports to Nigeria at £447.5m and exporters are confident that they will top the film mark for the year. as they did in 1977 and 1978.

Mr. Nott was supposed to visit Nigeria in May this year after a trip to Brazil but was Lagos by an air traffic con-

#### yen in receot weeks, which and others to invoke sanctions, makes the pipe—in dollar which delayed talks on the pipe are not disclosed publiciy, but cial rates. Fierce bidding expected as Mexico steel plan goes ahead

planning, the Mexican Government has finally given the start of the economy like the oil and and the rest from Mexico's own ing date for the massive expansion of the Sicartsa State Steel mili at Lazaro Cardenas on the Pacific Coast.

Infrastructure work will begin his month on the second atage of Sicartsa. Installed capacity will be raised by 2m tonnes of liquid steel to 3.3m tonnes by 1984 at a cost of \$2.2bn (£934m). The extra capacity will be all flat products.

Eventual capacity at Sicartsa is projected at 10m tonnes.

The second stage has been bogged down by technical, bureaucratic, financial and political problems. Meanwhile, the demand for steel has been sharply nutstripping production. The oil-rich Mexican economy is growing in real terms by 8 per

State help

for Dutch

exports

By Charles Batchelor in

THE DUTCH Government is to help small companies meet

the cost of employing an

export manager. It will pay half bis salary, social security

six months of his employ-

ment up to a maximum of DFL 30,000 (£6,500).

The aim is to encourage

companies employing up to

200 people to start experting

or strengthen their position in existing markets. The idea

is experimental and will be reviewed at the end of this year, the Economics Ministry

The government has set aside FI 900,000 to cover the cost of the scheme. Companies

I and before they appoint an

This move is part of the

continuing Dutch effort to

boost their flagging export performance. In April, the

Foreign Ministry announced

sulates and embassies abroad The first counsellor bas gone

to the consulate in Los

Angeles to promote exports on the U.S. West Coast.

lished earlier this year by the Nederlandsche Middenstands

bank disclosed a lack of information about the

potential for gaining foreign

orders. While export awareness was growing, many com-

panies gained orders more by

chance than as a result of deliberate policy decisions.

survey of the expor activities of small and medium-sized companies pub-

the appointment of the first of five trade counsellors to con-

export manager.

cent respectively.

Sidermex, the holding company for the three State steel mills, said that the Hyl direct reduction process, patented by the private Mexican steel mill Hylaa, would be used in Sicartsa Stage two, and not the tradi-tional blast furnace system.

gas of which Mexico, as a rich oil producer, has a surplus. The blast furnace aystem uses coal, which is in short supply in Mexico. Last year coal imports 582,000 lonnes, a 48 per cent

increase over 1978.

oing but steel-hungry sectors come from external financing the first stage. construction industries grew last funds. The World Bank, he said, year by 15 per cent and 12 per had showed interest in the pro-Sr. Jorge Leipen, the head of bave its "stamp of approval."

> and the pre-qualifying procedure, be said, would soon start and be expected contracts to be put out to tender about November, so that the main work on the plant could start early next year.

tion for the huge project. Among the competitors for the different parts of the steel mill are the West German Lurgi. Dravo and Lectromelt of the Voest of Austria, Mitsubishi and the Davy Group. British Steel, along with tonnes. Sr. Leipen said that 60 per McLellan and W. S. Atkins,

AFTER SEVERAL years of cent for the second year run- cent of the \$2.2bn cost would were the project advisers for 1979 increased by 12.9 per cent A high-level British Sleel Mexico this month.

> Sidermex has estimated in its The engineering specifications plan, which covers the period to 1990 that national output must more than triple to about 24m tonnes by then if the demands of the booming economy are to be met and imports reduced. The steel industry, says the

> There will be fierce competi- Sidermex plan, will need to on for the huge project, maintain an average 11 per cent if the goal of virtual self sufficiency is to be met. State and private steel production rose by only 4.7 per

cent last year to just over 7m

to 9m tonnes-the shortfall was made up by imports and running down stocks. Steel imports in 1979 were 1.6m tonnes compared with imports in 1978 of 1.3m tonnes worth 16.2bn pesos. Demand in 1990 is estimated at 26m tonnes.

In the first four months of

this year, steel production fell by 3.7 per cent over the corbecause of labour problems. The State mill Altos Hornos, the country's largest, was out lier this year because of pro-

longed strikes. urgency to get a move on with the second stage of Sicartsa otherwise steel production will

believe that the Government's industrial capacity every seven years could be stalled by the slow progress being made in raising steel output. Sidermex has said that

plans to invest at least 400bn pesos between now and 1990 to to 18.5m tonnes by 1990. This is based on aneconomy which is projected to grow by 8 per cent a year for the foreseeable future.

State steel expansion includes raising production at Altos Hornos from 2.6m tonnes lo 4.2m by the end of 1982 and plans are on the drawing board for a plant, to be called Siderurgica 3, with a capacity of 5m toones at Alta Mira near

# UK oil self-sufficiency

to end this year.

(Financial Times, 2 July 1990)

## Norwegian, Burma deal

NORCONCERT, the conglomer-volved ate of 20 Norwegian building The contractors and technical consultants, has won a contract for the preparation and projecting of a major hydro-electric plant at the Paung Laung in Burma. \$400m development programme major dam and come irrigation for the Nyaunggyat region where a number of international the whole Nyaunggyat works. engineering companies is in- will go out in 1983.

The Norwegian share is worth about \$6.4m while West Germany takes a major part with \$45m and Japan with £15m. comprises the building of power plant will be part of a stations, transmission lines, a works. Invitations for tender for

## S. Africa increases orders for Airbus

PARIS-South African Airways has converted an option for an the most advantaged ring laser A-300 wide-bodied airliner to a firm order and has taken two options for another two A-300s. the Airbus Industrie consortium amounced yesterday. The airline now has six firm orders and two options for the aircraft. The sixth aircraft, to be delivered in the last quarter of 1982' will be a mixed cargopassenger version featuring a large cargo door and a loading system on the aircraft's upper

3

Airbus Industrie now has 197 firm orders and 81 options for A-300s and 262 firm orders and 149 options for its short-tomedium range A-310 aeroplane, first deliveries of which are

scheduled for 1982. Airbus Iodustrie also announced that Litton Aero Products' LTN-90 ring laser gyro mertial reference system will be used as standard navigation equipment aboard its A-310

The LTN-90, which embodies gyro techniques, has been in development by the U.S. company for many years. The unit provides precise outputs of attitude, heading, drift angle, ground track; flight path angle. present position, ground speed. vertical speed and wind speed, aa well as body angular rates and accelerations.

. The new Litton systems will be installed in triplicate in the twin-jet A-310.

• Cable and Wireless has won

a contract worth more than £500,000 for the supply and installation of a computerised aircraft departure control system in Abu Dhabi. The system, known as LOPAC (foad optimisation and passenger acceptance control), has been bought by the country's Department of Civil Aviation for use by Abu Dbabi Airport Services at the new international airport.

It's not a headline anyone wants to see, yet it could become reality in as little as 10 years. Today's known North Sea fields — the result of a decade and a half of investment — can't meet UK oil needs much beyond 1990. Such a shortfall would be bad news for British self-sufficiency.

The good news is that there's almost certainly a great deal more North Sea oil to be found - perhaps even as much as has been found so far. But nobody knows for certain.

And however much oil there is out there, will it be available in time? It took Britain 16 years to reach today's self-sufficiency. It will take most of this decade to bring on a second generation of fields.

In all probability, future fields will be smaller, in deeper water, and harder to develop than today's - with second-generation technology specially designed to cope with ever more rigorous conditions. Even now some of the oil already discovered in the North Sea

defies all present technology: Mobil has a stake in a gigantic field west of Shetland that is a geological nightmare. Nobody has yet found a practical way to extract its oil.

The North Sea oil industry has already achieved the difficult; the impossible may take a little longer. The Government's recently-announced plan to release 90 more areas for North Sea exploration is a healthy start for the future. Government policy committed to continuing exploration and field development is essential. Because the next decade's headlines are being written today.



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In a world where you compete daily with businesses that offer virtually the same product or service as you, there exists an opportunity to keep ahead of the competition by keeping in closer touch with your own business; a way to operate more efficiently and effectively; to have at your fingertips an up-to-the-second picture of every critical aspect of your company's financial and administrative position; to make decisions based upon facts instead of beliefs; a way to be more confident about every decision you have to make.

## HOW MANY QUESTIONS CAN YOU ANSWER IN 20 MINUTES?

- 1. What are your sales for the month?
- 2. Who owes you the greatest amount of money?
- 3. What is the value of your current stock?
- 4. Which items are dormant?
- 5. Which items are most profitable?
- 6. Which products on order can you not supply?
- 7. How much have you bought from each supplier?

- 8. How much money do you owe?
- **9.** Do your books balance?
- 10. How long will it take to prepare your accounts?
- If you don't know the answers to these questions, you are running your business in the dark.
- You may have advantages over the competition and never know what they are.
- You may need to hire equipment or men, but a clouded picture of your financial resources makes it impossible to know how much you can afford, how many to hire.
- Worse still, you could be overtrading. And last year 90% of businesses that went into liquidation in this country were overtrading.
- This alarmingly simple statistic alone emphasises that the over-riding need of a business today is for constant up-dates of factual trading and financial information.
- Information that shows if your company is healthy and growing. Or headed on a course that will take you into the hands of the Receiver.

## **INTRODUCING THE ALPHA MICRO** COMPUTER SYSTEM.

For the first time, your business can afford exclusive use of a decision-making tool vital to the

decision-making process.

Alpha Micro is one of the few computer systems complete with hardware and software support that cover all aspects of business administration, accounting and clerical work.

With Alpha Micro, you don't pay for hardware then shop around for compatible software. With us, the special Accounting, Financial Planning, Management Information and Word Processing programs you need exist already.

Furthermore, Alpha programs are devised by experts not only in programming but also in business

and accounting disciplines.

Such is the power of Alpha Micro, each member of your team can use the system simultaneously even when making different demands from it.

Equally important, Alpha Micro requires no specially trained staff. Rather, it complements and enhances existing employees' skills.

### INFORMATION **AVAILABLE INSTANTLY.**

At the press of a button, Alpha Micro shows your

company's overall profitability and relates it to previous periods.

It rapidly identifies capital commitments, cash

resources and availability.

It produces information vital to policy making decisions, such as forward planning over purchases, cash flow projections; information essential to anyone making a five year plan.

It constructs comparative budgets allowing for fluctuations from various causes and shows their

effects overall.

Alpha Micro also handles the time consuming details of salaries, piece-work, bonuses.

It works out the complexities of tax (both company and employee contributions).

Alpha Micro identifies your most profitable

lines, too.

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Armed with this information, your sales force

knows exactly where to strike.

By pressing a button, complex sales analyses and activity appear before your eyes.

Alpha Micro eliminates the common gap between sales and production. And the friction caused by it.

You'll know instantly if there's a run on one line.

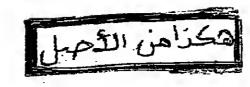
Or if demand has run out on another.

Alpha Micro allows you to file vast quantities of

data and analyse any aspect of it with ease.

In short, our immensely versatile computer impressively reduces the amount of paperwork that bogs you down, allowing more time to plan future business strategies, pinpoint opportunities, identify market trends.

And keep a close watch over the competition.



### **A PRICE YOUR COMPANY CAN AFFORD TO PAY.**

The nearest comparable thing to the Alpha Micro system could cost you a great deal more.

Regrettably also, they will make you wait six

months or more for delivery.

Alpha Micro, on the other hand, will be installed and working just 28 days from the date you order.

Conceived and developed in America, the Alpha Micro computer has had a profound effect on American business.

Overnight, at a price companies could afford to pay, Alpha Micro has given thousands of companies a a real edge over the people with whom they compete.

Now companies like Union Carbide, Vogue

Interiors, Mattel Toys, Gibbs Laboratories, Westinghouse, CBS News, Scott Goff Hancock & Co., Rowe Rudd & Co., and many others are all in closer touch with their own business.

Institutions too such as the British Museum, the Post Office and the Civil Service Training Centre are also operating more efficiently and effectively.

In a fast moving competitive world, decisions often must be made instantly.

With Alpha Micro, it's the difference between knowing

you've done the right thing and praying you haven't made a mistake.

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# ALPHA MICRO

It's making business more efficient.



#### **UK NEWS**



ITAL LAUNCH: BL today launches the Morris Ital effectively a face-lifted and mechanically improved Marina, designed to see BL through to the arrival of its all-new medium car, the LC 10, in 1983. Around £ām has been speet with Ital Desigo of Turin. The frontal changes are mainly to the grille and beadlamp assembly; the hoot bas been reprofiled and the entire rear strengthened. writes John Griffiths.

The most significant changes lie beneath the sklu: the smaller, 1.3 litre Ital uses B A-Plus engine, another version of which is to he installed in BL's vitally important Mini A-rus engine, another version of which is to be installed in the Strang important Metro model to be launched in the antumn. The "A" series unit, now nearly 30 years old, has heen beavily re-engineered, with a stren-gifnened cylinder block casting, new pistons, carburation and manifolding. Other A-Plus engines will go into the Allegro and the Mini, which will continue in production after the launch of Metro.

### Ford seeks more redundancies

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD UK has asked for further voluntary redondancies or early retirements, this time at the Halewood transmission plant. Some 405 people are affected at Halewood in addition to 2.300 volunteers Ford called for at

A considerable proportion of the transmissions produced at Halewood are sent to Ford'a Cootinental plants where shorttime working has been widespread in the face of reduced

other UK components plants last

Once again yesterday, Ford stressed that it was still not possible to predict when the recession would abate. It had been decided it would be better to seek the voluntary redundancies rather than cootione the layoffs in the transmission plant. Because 700 employees were laid off last week at Halewood, Ford had delayed making the request for job cuts there.

The call for redundancies is to be discussed at a meeting tomorrow between Ford UK and its two main unions, the TGWU and the AUEW. The meeting is likely to

reflect the unions' anger at what they see as Ford's failure to coosult them before the call for down imports of built-up cars, from various countries.

ROLLS-ROYCE and Bentley sales have sbown considerable strength in the face of the slide in the UK car market from the end of the first quarter of this year. Mr. John Carpenter, marketing director of Rolls-Royce Motors' car

division, said yesterday. Sales have fallen hy only 3.4 per cent in this year's first half, whereas the market as a whole is down hy more than 10 per ceot, with other large luxury cars heing pardeularly heavily hlt. Aston Martin Lagonda announced redundancies.

redundancies voluotary aooouoced

In turn, Ford's managemeet will certainly give the unioos an up-to-date view of the current state of the car industry in Europe At Halewood, as at other

plants, Ford is asking for all meo over 55 and women over 50, with more than ten years' service with the group, to voluoteer for early retirement and for those with less than five years' service with Ford to apply for voluntary redundancy. As part of its policy to cut

Ford UK is increasing the supoly of the Fiesta, the smallest car in its range, from Dagenham.

By the end of the year, the group will be selling as many Fiestas built in the UK as io Spain, which has been the main

supplier up to now.

Last year, Ford UK imported more than 47,300 Fiestas from lts Valencia plant and was the maio contributor to the adverse trade balance in automotive products between Britain and Spain which has become the centre of a political row.
The UK Government has com-

plained strongly to the European Commission and the Spanish authorities about the imbalance of trade in cars.

The UK maintains that the import regime io Spain, where those car makers with Spaoish assembly plants get favoured reatment, is incompatible with the EEC-Spain agreement Ford UK said yesterday that

no political pressure had heen

puth on it to cut back oo Fiecta And it is understood that the UK Trade Department is not complaining about the growing teodency for multivational motor groups to source products

## Thorn to sell medical equipment company

Ray Perman, Scottish Correspondent, reports on the heen used to support the development work na ultra-THORN EMI told unions yester-day that it has reached an advanced stage in negotiations fate of Nuclear Enterprises under Thorn EMI to aell the Ultrasound division

of Nuclear Enterprises, tha company that ooce gave Britain a world lead in the development of ultrasonic medical equipment.

The mova is in line with Thorn's intention announced two mooths ago, to pull out of the medical electronics field which has proved so trouble-The prospective huyer has not

trade unions to he the Fischr Corporation of the U.S., which alread yhas Interests in X-ray equipmeot. Mr. William Coldfinch, manag-

ing director of one of Thorn's product groups, told shop stewarda that the buyer inteoded to continue manufacture of ultrasonic scanners at the Nuclear Enterprises plant in

This would he dooe alongside the company's other division, making nucleonic instrumenta,

The history of Nuclear Enterprises is a cautionary tale for cated X-ray machines that give entrepreneurs tempted to sell out to large groups. The company was founded in the 1950s hy two scientist brothers, Dr. Rohert Pringle and Dr. Derek Pringle. It quickly became highly successful in the produc-

tion of nucleonic instruments.

The involvement with Ultrasound came in 1967 when the company acquired the stock, patents and some of the technical personnel of Kelvin Electronics, a Glasgow subsidiary of Smith'a Industries, which had ccased productioo.

EMI first took an interest in Nuclear Enterprises later the same year. In 1976 it decided to ouy out the Pringles and inte-grate Nuclear Eoterprises' ultra-

success with advanced CAT scanners. These are sophistiremarkably detailed pictures of the inside of the body.

· Ultrasound, which images using sound rather than electro-magnetic for EMI, but it also rebonoded radiation, was seen as comple on Nuclear Enterprises. Unions mentary to CAT scanning, in the plant believe that mergalish and the scanning of the plant believe that mergalish and the scanning of the plant believe that mergalish and the scanning of the plant believe that mergalish and the scanning of the s Although not so precise, it was safer in uae, could give "real time"—that is instantaneous—
televialon pictures and, above into the problems of the CAT all, was far cheaper.

EMI intended to sell both types of machine through the sales force it had huilt up in the U.S., which was seen as the small salea and service force. Io addition, the move of serthe U.S. as part of the attempt based at the Edinburgh plant, vicing from Edinburgh took by Thorn to sell its CAT scanner was merged with the EMI team away a profitable activity from operations. GE has its own based in the south of England.

Nuclear Enterprises that had ultrasonic interests.

management

leadership

Financial Times Reporter

A CALL for management to

provide more imaginative

leadership was made yester-

day by Sir Hector Laing,

Call for

better

which Thorn is retaining. But aonic activities with its own Things started to go wrong unions fear that there will be up medical division, which was soon afterwards. The boom in to 100 redundancies among the then having considerable the sales of CAT scanners than the constituted as proved to be short-lived as medical authorities, particularly io the U.S., begao to question whether the extra benefits the

> the considerable outlay in cash. Thia meant financial problems ing the two sales forces was a

scanner, and meant that sales-men who were paid partly in commissions spent more of new owner will have to built their time and energies trying up a sales force from scratchto sell the more expensive higgest potential market. Its machine than the cheaper one.

Meanwhile, as orders were dropping, overseas competition from the U.S. and Japan was huilding up. Britain no looger bas a world lead in ultrasonics, but shop stewards say that de-velopment work on Nuclear Enterprisea range of scanners has kept them in the forefront

the market.
The future for the Ultrasound division is now uncertain; Thorn EMI would not comment yesterday beyond saying that there were e number of Issues still to be resolved before there could be an agreement to sell.

Unions say there are about half a dozen orders for ultrasooic scanners pending on a more secure future for the Ultrasound division. But the new owner will have to build the EMI team has been transferred to General Electric of the U.S. as part of the attempt

### Laker applies to fly Skytrain to Australia

Civil defence is 'starved

that even those cominally to must avoid needlessly alarming

what to do or lack cash and believe that hoslilitles are other resources to prepare either imminent or probable." against ouclear attack. The report suggests that al-

A report by the Conservative though many MPs feel civil

he achieved without a major greatly improved communica-

reallocation of public speed- tioos should have top priority."

defeoce ing," says the report.

of cash and resources'

BY OUR DEFENCE CORRESPONDENT

BY DAVID FISHLOCK, SCIENCE EDITOR

'IT'S A sbambles, it can only

get hetter," says Mr. Denis Rooney, who took over yester-day as the first full-time chair-

mao of the National Nuclear

Cheshire at 7 am oo the first leg

Before the end of the week he

plans to visit for the first time all the principal officea of the

corporation-with headquarters

at Risley and Knutsford to Cheshire, and Whetstone in Leicestersbire. He will also visit one of the loog-delayed

nuclear projects at Heysham,

of a tour of the nuclear desigo and construction group.

civil

arrangemeots are so madequate

charge of them do not know

LAKER AIRWAYS, which flies the successful Skytrain low-fare aervices between Gatwick, New York and Los Angeles, has applied for a similar service to Australia.

Civil Aviation Authority for rights to fly between the UK and points in the Middle East was also recently give rights and south-east Asia to Australia, to fly to Hoog Kong, has asked with Perth, Melbourne and the Civil Aviation Authority for Sydney as its intended rights to fly between Gatwick destinations. Later, it would and Dubai, Shariah, Bahrain plan to extend the service to New Zealand.

The airline has asked the

rights for a Skytrain service to Miami, and also on appeal was given rights to Hong Kong, after Civil Aviation Authority had rejected its application. Laker has not yet given details of its cheap fares to

Laker was recently awarded

able on rival scheduled services Australian airlice.

The Laker licence is requested to be effective from November 1 this year to October 31, 1990. It is expected that the Civit Aviation
Authority will hold a public
hearing into the application this
September.

British Caledonian, which

aod Abu Dhabi in the Middle

Approval of these applica tioos will not only enable Caledooian to fly through those destinations en route to Hoog Kong, hut also to pick up aod

set down traffic. Mr. Alastair Pugh, maoaging director, said that the "water-Australia, but these are ing down of its Hong Kong expected to follow the licence by the recent Governcustomary pattern of undercuttlog the cheapest rates availLaker and Catbay Pacific oo the route, meaot it needed —In this case those of British traffic rights to the Middle East Airways and Qantas, the to maximise its reveoue to maximise Its reveous poteotial.

Equally, a new programme

the public, or leading them to

Tough task for new chief

of Nuclear Corporation

#### chairman of United Biscuits. He was receiving the 1980 National Free Enterprise Award from Aims, the free enterprise organisation. Sir Hector said that the

greater freedoms given to enterprise hy Government imposed "greater responsihllity, and management must take a step forward-must display greater conrage and vision—and provide leadership to promote a consensus in industry.

"Management and unions in industry must jointly apply enlightened and constructive policies so that we can achieve the goals of increased productivity and, therefore, greater national wealth for all."

Sir Hector, voted Bosinessman of the Year last year. is particularly concerned that companies build up a good relationship with their workforces, especially as unem-ployment is rising and the introduction of new technology is seen as a threat to

He received this year's award because of his emphasis on improved communications his chairmanship of a success ful company and his "courage in applying the law as it stood

Aims gave two special awards to the Sheerness Steel company and Mr. George Bull, editor-in-chief of the Director

## Shipbuilding orders 'still not adequate'

BY LYNTON McLAIN

Britain'a merchant shipbuilders were "useful but inadequate to ensure viability." Mr. Robert of the successful yards before Atkinsoo, the new chairman of nationalisation, is not paying British Shipbuilders, said yesterday.

He called on the industry to create a period of stability order to improve our productivity and performance on which all eise depends."

He spoke as a confidential report, commissioned from tha corporation by the shipyard unions, showed that almost three-quarters of yards have not yet reached the stage in local productivity agreements agreed last year with the imions of paying bonuses to workers. Each yard has the chance, under the agreements, to operate self-financing produc-

tivity schemes. However, only eight of the 29 shipyards and engineering companies controlled by the corporation have recorded improvements in efficiency sufficorporation

clent to warrant bonus pay-

These yards are: Falmouth ship repair works, George Clark, engioeering company, of Hartle-pool; Hall Russell, the Scottish yard now producing an offshore patrol vessel; K and L Marine, of Killingworth, which makes

warship yards of Vosper Thorny croft UK and Yarrow. Austin and Pickerseill, one

boouses at the moment. The corporation said this was because the yard already had a "high base of productivity and because the yard was on a three day week during the steel strike—when the report was prepared.

Barclay Curle, Govern and Rohh Caledon have all so far failed to conclude productivity

agreements.
Other yards have reached, agreement on productivity but have failed to pay any benuses for a variety of "local reasons." according to British Ship-builders. The yards include Cammell Lairds, Doxfords, Scott Lithgow, Tyne Shiprepair, Grangemouth ship repair yard, and Smith's Dock on the Tees,

At Swan Hunter on the Tyne, a lack of work and last year's cut of 1,200 in the workforce has resulted in no bonuses being paid, despite a productivity agreement The corporation said last

night that "there has been some dissatisfaction among the work-force about what the produc-tivity schemes have yielded." The corporation is attempting

stern gear and propeller shalts; to explain to the employees that Sunderland Shipbuilders which bonuses from productivity doperates the largest covered in not always come through imberths in Britain; Vickers at mediately, "It takes some time Barrow, makers of nuclear sub- for the benefits to feed marines and warships; and the through."

#### parliamentary sub-committee on defeoce should be the responsioo picketing," Mr. John Lyle, civil defence, Issued yesterday, bility of the Ministry urges that civil defence should Defence, the committee its Aims chairman, said yester-Defence, the committee itself day at the presentation of the have a permanent share of the believes the Home Office should factories in the north award. overall annual defeoce budget. stay in charge. "While expeoditure clearly "Io all cases, It was oeeds to be increased, very strongly felt that adequate coosiderable improvements can headquarters facilities and

FINANCIAL TIMES REPORTER

be lost in the textile industry in Glenrothes, Fife, Scotland, with the closure of three fac- and that the factory is exepted tories and he run-down of a to close soon. fourth by J. Hepworth and Son.

a major manufacturer and retailer of meo's clothing. It wants 323 redundancies at one of its largest factories in Sunderland, which has a workforce of 578.

in Leeds, Hetton-le-Hole, Tyne and Wear, and Colburn, North Yorkshire. Servis. the domestic appliance

manufacturer, is to stop production of washing machines at its Wednesbury, West Midlands, factory for seven weeks. More than 850 workers have been laid-off until August. The

employers in the town. Its lay-offs are io line with those by several other domestic appliance manufacturers, which

has fallen sharply in recent montha.

Hyvon, the Finnish-owned

turer, has announced that a £3.5m investment in new technology will mean the loss of 90 jobs at its Glenrothes and Balerno milis in the next 12 months. The increasing redundancies

Another Fife employer, John

Dickson, the paper -manufac-

in Fifehas prompted Mr. Bert Gough the region's convenor to call a series of "crisis meet-ings" of MPs, trade unionists. and employers. He said that the region has had more than 3,000 redundancies in the past 13 mooths.

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Laporte Industries, the chemi-cala manufacturing group, is to close the least efficient units at its titanium dioxide works in Stallingborough, Humberside, with the loss of 450-500 jobs.

The closure will he phased over the next 15 months. The company intends to maintain its share of UK production of titanium dioxide, or whita pigment, which is used in the print, paper and plastics industries.

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Sooks will be closed from 18th July 1980 to 31st July 1980, both date inclusive.

By Order of the Board, R. D. THOMPSON, Secretary

COMPANY NOTICES

### THE BRITISH STEAM SPECIALTIES GROUP LIMITED

NOTICE OF DIVIDENO

NOTICE OF OIVIDENO

The poneral meeting of 10th Jone. 1980 approved the Oistribulon. For the annancial year 1979 gold are of oivideno of 87100 per C. Proper of 1979 and net oivideno of 87100 per C. Proper of 1979 and 1979 and of 1979 and 1979 and of 1979 and 1979 and 1979 and of 1979 and of 1979 and 1979 a

AMBROSE WILSON, LIMITED

PERSONAL

PUBLIC NOTICES

COMPATT OF SOMERSET 15.000.000 bills leaves 27.50 st 2 rate of 15 and 3104th part cash p.2 to mature 1 10.00 Tolar applications were \$37m and these are the only bills off-strongia.

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## NOTICES

Oralizated unper the Companies

Orcinance, Hong Kong)

HN.503,000,000 Title CONVERTIBLE

Submodified During Title CONVERTIBLE

Submodified During Title Convertible LOAN

At all Extraordinary Genutal Meeting of the interests of the Loan Study (1)

At all Extraordinary Genutal Meeting of the June, 1800 an orannary resolution was observed in connection with the three for the thirty field of the Contains of the Submodified or 27,765,300 units of the Contains of the Contains of the Contains who on 12th May, 1980 unit pill 27,765,300 units of the Contains who on 12th May, 1980 unit pill 27,765,300 units of the contains who on 12th May, 1980 unit pill 27,765,300 units of the contains and HN.100 nominal amount of loan stock is convertible in the Contains of the contained of the contained

mount of loan stock are abouted in the "lewing manner:
"lewing manner:
Bedrer capitalisation
HK-10.000 nominal amount of loan
stock camerical min HK-2,640 nominal
amount of ormany share capital, Since
the nominal value of each share is
HX-56 this entitled stocknoldors to
receive 440 stock onto in the company. Accordingly the effective subscription price was:
HKS-0.000

ay Order of the Board,
K. W. YOUNG,
Company Secretary.

INVESTIGATION BY THE MONO/POLIES AND MERGERS COMMISSION PROPOSED ACQUISITION BY S & W BENILFORD LID.

OF BRITISH SUGAR CORPORATION LTD.

Monopolies and merui New Court 48 Carey Street LONDON WC2A 2JT ENERGY INTERNATIONAL N.V. Incorporated with Hmiled Imbility in the Netherlands Antilies)

to notices or regarded and the Fund for Oate. Coopies of the Report of the Fund for the year ended 31st March, 1980 will be nythisble at the offices of the bards and troubers from briggs shares were purchased and at the office of the Paying Agents, and at the office of the Paying Agents,

SOARO OF MANAGEMENT

## COMPANY

Corporation. The corporation was set up by the Government Approximately
HK\$22.73 per stock
unit and
strong unit hulding nuclear
reactors, hut it has been III After capitalisation.

HK/10 000 maminal amount of loan slock converts into HK/3 000 membal amount of loan slock converts into HK/3 000 membal amount of ordinary stare capital. Since the nominal value of each share is HK/5 this entities stockholders to receive 500 stack house in the company. Accordingly the effective subscription price is: deprived of new orders until this year. Oo his first day to the job Mr. Rooney set out for

Prize 15: HX310.000 = neproximately HK\$19.74 per stock The adjustment to the conversion rate effective as from 28th April, 1980.

(7th Floor, Centro, Connaught Centro, Centrolaught Road Central, Hong Kong, 24th June, 1980.

Before the end of the month Mr. Rooney will announce three retirements from the NNC On 12th June 1930. Mr. John Nott. Secretary of State for Trade, referred to the Mortoeles and Mergers Commission for Integration and record under the proposed the sale Trading Act 1973. The proposed to the proposed to the proposed to the proposed to the record of the proposed to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should write as soon as possible to the proposed acoustified should be proposed acoustified should be proposed acoustified should be proposed account to the proposed account t board, and three new appoint-ments, including his own. He also hopes to be ready to ask Urwick Orr and Partners, the management consultants ha has called in to advise him, to proceed with stage two of their

> Stage one, already complete, confirmed his own preliminary diagnosis that the corporation urgently needed a aimplified oranagement structure to achieve a system of individual

management

Lancashire.

# Mr. D. H. Rooncy

As Mr. Rooney seea it, the top priority must be to get rid

of the three-tier structure, before it can hope to demonstrate its ability to perform efficiently. "And I am determined to achieve performance," he says. If the National Nuclear investigation of the NNC Corporation can demonstrate that it has the capabilitysomething it has not done very successfully over the past five years—he helieves he will eojoy the full support of the Central Electricity Generating Board. accountability at the top. At its main customer. Mr. Rooney present it suffers from a com-plicated three-tier structure moniously with the CEGB in devised by the Government io the 1960s to install the 400-1974. The NNC has an operating arm—the Nuclear Power Company, in addition to which Company, in addition to which the three-tier structure is not the Government gave a super-directed at the way GEC has the Government gave a super- directed at the way GEC has Mr. Roosey, a Cambridge visory management contract to exercised its supervisory man- engineer, took on a job which GEC, the principal private argents contract from balances. the principal private agement contract, now being other top engineers closer to

tive job of supervisory manage ment "—tha retiring part time chairmae of the NNC, Lord Aldington, is deputy chairman of GEC. In spite of the parlous state of the industry Nuclear Corporation shareholders earned a 10 per cent return on their holdings last year. His criticism concentrates on the clumsiness of the structure, finaocially as well as organisa tionally. Mr. Roney hopes to repeat the success he enjoyed in uniting three disparate com-

group, into Balfour Beatty, which is responsible today for over 70 per cent of BICC group profits. Urwick Orr were his consultants in this task too. Phase two of their new task will be to make a detailed

review of the management structure of a company which eveo to organise a single head quarters. He plans that this phase shall take "not more than three montha." Mr. Denis Rooney brings two great strengths to a divided and nnder-nouriched company. Ha was a highly successful project

director, ootably io railway electrification projects. And as production director in charge of all BICC investments overseas, embracing 51 factories in 15 countries uotil yesterday. Mr. Rooney sees Nalional Nuclear Corporation as one stroog project management organisation. What other pro-jects he undertakes to help achieve is "a matter for me to decide—I have very wide terms of reference." Hhis short-term priority is nuclear power.

abarcholder, with a 30 per cent renewed from month to month. nuclear problems declined, bestake. "CEC has done a very effections, "I am a fighter."

## Hepworth to close three

MORE THAN 288 jobs are to redundant this wek at its factory

The Leeds-based company is

The factories to be closed are

company is one of the higgest

have said that consumer demand

clothing manufacturers, said that 27 women will be made

NOTICE IS HEREBY GIVEN that the Transfer Books An research of the 3-83 per core view in a mountain of the 3-83 per core view in Ambrook Wilson. Limited, will be closed from 31st July, 1360 to 14th August, 1950 inclusive, for the preparation of Dividend Warrans.

By Order of the Board J. Martin Secretary.

مكدامن النحل

## Demand for **OPEC** oil 'will slump'

BY RAY DAFTER, ENERGY EDITOR

ORGANISATION . Conservation and fuel switch-Petroleum Exporting Countries ing largely influenced by faces a major drop in world-higher prices. wide demand for its oil in the Possibilities for exponential next few years, according to ao energy study published in London yesterday.

Industrialised cor ntries dependence on imported oil is . The commissioning of sublikely to fall much more quickly than indicated by the broad targets agreed at the recent Venice summit says countries is also expected to Economic Models, an inter-increase. Output should rise

national forecasting group, from 14.7m h/d last year to Net oil imports of conutries 15.7m h/d in 1982 and 16.1m in the Organization for Eco-b/d in 1984. OECD demand for nomic Co-operation and De oil is forecast to fall by 3m b/d velopment are expected to fall this year and a further Im b/d from 25.8m barrels a day last year to 21.8m b/d this year and to only 19.9m b/d in 1985. In 1990, the OECD countries could next year. about 1.5m h/d below last year's consumption of 39.9m b/d and a long way below the rate being be importing considerably less than last year, possibly about Looking at UK energy needs, Economic Models forecasts that

22.7m h/d.
OPEC will feel the brunt of this change in oil supply patterns. By 1982 demand for OPEC oil could be some 5.5m b/d helow last year's 30.7m

#### **Dominant**

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STORY OF THE PROPERTY OF THE P

Economic Models says this could result in a small decline in the real price of oil next year—"mainly resulting from special price deals some OPEC members may have to negotiate with consumers in order to.

maintain their sales."

By the end of the year, it
says: Saudi Arabia—OPEC's • A national competition for moderate— schoolchildren to identify the dominant problems of Britain's disabled leading pricing moderate should regain dominant influence over world oil prices. Even to maintain real oil prices, the kingdom would have to cut ontput from the present 9.5m b/d to about 6m h/d. do something a Economic Models expects problems they find.

that Iranian exports, now at a very low level, will increase Around, is being launched by soon. But this, when coupled BP Oil under its challenge to with falling demand, could help youth scheme, in conjunction to create an "oil glut." with the Government-backed Sandi Arabla, through its Committee Sandi Arahla, through its Committee on Restrictions important supply position, held Against Disabled People. A the key to stabilising supply joint steering committee has and demand. The other OPEC heen set up to supervise the members did not have the technical and, economic ability to with the UN international year reduce output sufficiently to of disabled persons in 1981. counteract such over-supply. Factors contributing to the awards of £2,375 will be given low levels of oil imports include: to school, teams during the

Sluggish economic growth. course of the competition.

## export trade

growth in coal trade.

tional sources of fuel.

• Development of unconven-

nuclear

.. By 1990 it is expected to be

demand will be lowered by an

economic recession in 1980-81 and perhaps an even more

Total UK energy consumption

is expected to drop from 205.6m tonnes of oil equivalent in 1979 to 190.1m tonnes this

year. Even in the late 1980s. energy demand could be below

200m tonnes a year. The fore-casters believe the UK could still be marginally self-sufficient

was announced yesterday.

Children putting forward he most deserving projects

The competition, called Get

Grants totalling £3,500 and

something about the

will be given cash grants to

in oil in 20 years.

severe recession in 1985-86.

Oil production in OECD

Output should rise

planned in the early 1970s.

capacity

Tool Manufacturers. Sheffield yesterday.

Lannehing a "Bny British" eampaign, Mr. Ward said: "We do seek fair trade. II there is unfair trading imports there is an EEC mechanism which we will invoke to set the balance fairly. We have in the past ucceeded in anti-dumping actions and are currently supporting and initiating EEC

Reciprocity of trading opportunity, however, was another matter. Mr. Ward pointed out that within the

British tools going into the same countries are sub-ject to duties of six or seven times our UK rate as a

On exports, Mr. Ward said that the Government bad created a situation "where interest rates have not nuty forced up the value of sterling to a level even higher than the petro-base level. Thus onr exports are further endangered beyond nur control. At the same time we are, with the Government's policy of non-intervention, facing over 40 per cent increase in rates, over 30 pcr cent Increase in gas, and inflation-fuelled demands for wage

#### Hand tool producers call to free

By James McDonald

BRITISH hand-tool manufacturers, in spite of soaring imports, are not seeking blanket import controls. But they do want reciprocity of trading opportunity with a number of countries which effectively prevented free access to their markets for British tools, sald Mr. Gooff Ward, president of the Federation of British Hand

past six months the EEC, supported by the UK Government, bad negotiated trade agreements with China, Yugoslavia, Andean Pact countries and Brazil. "In each case the country con-cerned is granted favourable rates of duty entry into the UK, and in some cases ntl

minimum deterrent, up to no entry at all-just no licences."

increases over 15 per cent.".
The home market for hand tools was worth about £200m values of 20.6 per cent from the 1978 level. Imports, at £92.7m accounted for 46.6 per cent of the market.

Rhys David looks at developments on Manchester City Council

## Financial crisis 'spells Doomsday'

bouseholds.

abour leader and city boss of inilustrial base has declined.

With bis annuncement of the city's financial crisis—a doomsday situation in his own words
-he is evidently trying to tell the Government that the cash problems facing the British Steel Coropration, BL and large parts of industry could soon spread to local authorities. Manchester's crisis, bringing with it the threat of a £1 in-

crease in rates to £2.50 in the pound, is the result of a collision between higher costs and the rity enuncil's determination to maintain the role of a "caring authority. The problem is that while

Manchester has wanted to contioue spendiog large sums on providing a high tevel of service -despite Government instructions to make savings-the city's tax hase has been sharply eroded. Manchester's popula-tion has dropped since the Second World War from 700.000

AT NOT much more than five to less than 500,000 and, programme carried out since the city's total population. feet Mr. Norman Morris makes although commercial develop- war, resulting in an enormous. As a major employ diminutive but pugnacious ment has been buoyant, the debt burden. Some \$0,000 houses

> ageing, increasing demands on total of 110,000 council bousesthe services, and the inner city including some on overspill areas house a high proportion of deprired families. City officials say Manchester's

privileged has meant that it has acted as a magnet for the prohlems of other less generous authorities. Spending by Manchesier last year on social services rose 50 per cent to in education, falling school

rolls have resulted in underused facilities, yet Manchester brought the average rent up to gested we should allow 13 per opposes enforced redundancies £5.66 per week—£11.60 including cent for inflation not 20 per among teachers or any other rates. groups. About 700 johs are to be cut this year from the councit's massive 42,000 payrott -there was a similar increase last year-hut this will be achieved by voluntary means.

Manchester's nther burden has been the vast slum clearance

have been built by the authority The city's population is in the last 35 years, giving it a estates—out of the city's 165,000

The total debt which the city willingness t cater for the less has to service, much of it the result of its bousing programme, is £525m. Taking the view that many of its tenants are underprivileged through unemployment or some other cause, the city has been reluctant to increase couocil rents in line with inflation. A rise last autumn lower inflation and ioterest a £1m cut in housing mainten--the first for three years- rates.

> To service its large council house sector the city fields one of the UK's biggest direct works departments. This, and its joint ownership with Greater Manchester Council. County of Manchester Airport has helped to create the huge municipal payroll-roughly 1 in 2 nf the

ever, Manchester has been particularly vulnerable to the large pay settlements awarded to teachers and other local government workers this spring. According to a city treasurer's report the council's pay bill in 1980-81 will be £40m higher than the existing provision of £182.4m, and will rise further in subsequent full years.

Mr. Colin Rudman, deputy city treasurer, says that Manchester, like all other authorities, has been basing its calculations this year on much cent," he says.

The effect of all these factors. according to a treasurer's department report, will be a deficit in 1980-81 ranging from £t2.8m on the most optimistic assumptions to a pessimistic £34.ām, with the most likely figure put at £21.7m. This will be repeated in 1981-82, if no rises nr other cost increase

The options npen to the council are quite simply to increase revenue or decrease expendi-A decision on which combination of measures should be taken will be made later this month. Higher housing rents seem a very strnng candidate

and increases of possibly as much as £4 are being mentioned. A steep rise would almost certainly cause further trouble. however, within the council's tabour group, which was split earlier this year by a row over were expelled for voting against the cut but Labour's national executive committee bas recently ruled that they must be

reinstated. A supptementary rate increase this year is another possibility, but this carries with it the risk that Mr. Michael Heseltine, Environment Secretary, might respond by clawing back Government grants.

#### Fluoride in water plea by majority

Britain want fluoride added tu their drinking water to reduce tooth decay, according to a nationwide survey carried out by NOP Market Research for West Midlands Regional

Health Authority.
Of nearly 2,000 people questioned, 66.3 per cent were in favour of fluoride in public water supplies, only 15.8 per cent were against and 17.7 per cent registered a "don't know."

The pro-fluoridation response was as high as 76 per cent in which is not covered by brewery the North of England. In the agreements specifying the types Midlands it was 60 per cent, in Wales and the West 69 per cent and in the South-East, including London, 67 per cent. Only 46 per cent of Scots were in as a lager and not as a soft favour, but they were in a two-drink, said Watney Mann. Since favour, but they were in a twomajority over those against.
Mr. Roger Bell, dental

dviser to the West Midlands RHA, said the "remarkable should give a muchneeded hoost to the fluoridation programme, designed to promote better dental bealth.

## Watney Mann to cease selling alcohol-free lager

and councit house

WATNEY MANN, part of Canada Dry and Watney say Grand Metropolitao, is to stop the amount covered by the Pitman in their quarterly review selling Barbican, an alcohol-free withdrawal is "minute." How on breweries suggest that tager, in its tied public houses, ever, the drinks industry has The company says such sales been generally sceptical over first few months of the year, the break tenancy agreements over alcohol - free the brands of drinks that can previous attempts by other be sold.

The reason for the withdrawal ing. is that Barbican is brewed by Bass and marketed through a Bass subsidiary, Canada Dry. The drink is aimed at the carbonated soft drinks market, which is not covered by hrewery

house tenants are permitted to

But the driok was classified tenants were not allowed to sell it. It had been withdrawn. But Canada Dry officials are undismayed by the decision and argue that It shows there is still plenty

of demand for Barblean. guaranteed hase and both trade

a year. Barbican was launched last year in the Midlands and is now also distributed in London and the South-East. It and brands of drinks public Is belog sold in hoth pubs and sive pricing by brewers. onlicensed premises. Sales volume figures are not yet available, although Bass and Canada Dry bope there could be potential export markets in

the Middle East.

size of the carbonated soft

 Beer sales since April are likely to have shown a slight fall in spite of the good weather in May as the recession squeezes consumer spending. Industry The Bass tied houses are analysts are now also predicting providing Barbican with a a price war in the take bome

How- on breweries suggest that although trade was good in the products and indications now show a decline. The report auggests sales in rewers bave proved disappoint- the South have held up man ginally better than the North. but that total volume is prob ably down about 2 per cent drinks market at about £400m since April. It cites the competition between two cheap lager brands, Falcon (Allied) and (Scottish and Newcastle) as an example of aggres-

> Some breweries are setling beer at a loss according to a report by analyst Colin Mitchell. several ranges of beer sell at a at maximum efficiency. consumers and the industry.

#### Inflation attacked by Reed chief

By James McDonald

WE ARE not going to he airlifted out of our problems by sime major and enduring surge of economic activity, and certainly not one created by pumping Exchequer money into the UK economy," states Sir Alex Jarratt, chairman of Reed International, the paper, publishing and building and home products group, in the anoual report today.

Hc also states that the insidious nature of inflatton must be realised.

"We have to invest in new capital equipment in the reason phic expectation that it and of stockbrokers Buckmaster and the compment already in place Moore. The report estimates that will be manned and operated loss of 3.3p a pint in the take have to look very hard at any bome trade and 4.2p per plut in politicity. or indeed industry, the free on licensed trade. The whose survival can only be report believes such pricing and secured by supplying it with the possibility of an even more thanks and people which could aggresive price war could lead be more effectively and profitto long term problems both for lably employed elsewhere," he

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But a 35 year old now earning £10,000 a year, for example, could retire at 65 with a pension of £71,000 a year for an annual contribution of £3,700.

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21/2% in the last budget.)

for executives and directors.	and the investment performance, b
But what of the people whose company	example take a man aged 40 who pl
doesn't run a scheme, or the self-employed?	retire at 65.

The Personal Pension Plan.

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The Executive Pension Plan is all very well

advantage is that the contributions get full tax relief and investment funds are tax-free.

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He makes regular contributions of £1,200 each year and if he pays tax at the basic rate that's equivalent to £840.

Even assuming his investment grew by only 10% a year, his plan would be worth £115,000 on retirement. That would provide him with a pension of

£15,000 a year or a tax free sum of £35,000 and a pension of £10,000 a year.

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Financial Times Tuesday July 1 1980

The Government's Green Paper on companies purchasing their own shares will mean legal changes, writes Christine Moir

## Principle jettisoned to make industry competitive

desires of encouraging investment in small companics and freeing major corporations to redistribute their assets to shareholders could lead to a major change in company law.

At present companies are expressly probibited from buying power to purchase the comtheir own shares, but yesterday's Green Paper outlines the Govabandon this basic principle in willingness the wider interests of making British iodustry more competi-

The paper suggests that companies should now, under safeguards, be allowed to buy their own shares, "a change which should make investment and participation in private companies more attractive."

The proposals would also pply to public companies where they are scen as useful for cash-rich companies seeking ways of giving assets back to

The Government stops short, however, of allowing companies to trade in their own sbares or to buy them for resale. It rejects the U.S. concept of 'treasury" shares which companies can use for trading pur-panies can use for trading pur-with the status quo."

More recently there has been pamies should be cancelled, it

should be expressly excluded from the new powers.

reactions are already equitiously impanies Bill which will be identifiable attractions. laid before Parliament around Christmas time.

three months are allotted to discussion of the —It facilitates the retention of paper which, unusually, is the family control. work of a single author, Professor Jim Gower, the research adviser on company law to the Department of Trade. Com-ments must he suhmitted by

Prof. Gower's detailed recommendations in the paper lay considerably more stress on the benefits of sbare purchasing to private companies. He is doubtful how moch use public companies would make of the permission to buy shares if there were tight safeguards—as be proposes—to stop them

In particular be does not believe the rules will go far in implementing the Government's desire to promote de-mergers in major conglomerates.

"It is difficult to aee how a

pany's own shares could be directly used to facilitate 'demergers . At the most it might provide an outlet for aurolus cash alternative to further takeovers and, when a company had bived-off part of its undertaking by a sale, provide it with an alteroative method of distributing the proceeds of sale to its shareholders." Prof. Gower notes that until

'It is difficult to see how a power to purchase the company's own shares could be directly used to facilitate de-mergers

recently companies showed little

interest in buying their shares. mittee in 1962 suggested that nearly everybody was happy

some pressure for a wider power and the Wilson Committee on It also sidesteps the implica- the Financial Institutions last tions for the investment and month reported that small com-unit trust movements if investment trust companies are able redeemable equity shares "aa a to huy in their shares. The paper means of enabling them to raise proposes that "lovestment com-needed capital without parting panies, for the time being permanently with family con-

The pressure to use such in-Unless industry and the City struments, Prof. Gower notes, raise fundamental objections to is still not very strong and the proposals — and initial many companies would find them irrelevant. However, even favourable — the new powers if not widely used the facility will be incorporated in the to huy shares has a number of

-It may ensble the company to buy out a dissident share-

-It provides a means whereby a shareholder, or the estate of a deceased sbarebolder, in a company whose shares are not listed can find a buyer. It is particularly useful in relation to employee share schemes in enabling the shares of employees to be re-purchased on their ceasing be employed hy the

company. -It may help with the marketing of shares by enabling thn company to give a subscriber

Rotterdam

1 1980. The provisional editorial synopsis is set out below:

A look at the activities of the shippers and traders.

to modernise facilities.

importance to the oil industry.

A FINANCIAL TIMES SURVEY

The Financial Times proposes to publish a survey ou Rotterdam iu its editiou of September

INTRODUCTION The observer's image of the Netherlands' second largest city tends to

be dominated by the port. Yet, whilst much of the economic life of Rotterdam does

THE PORT Rotterdam's harbour is the husiest in the world and nearly twice the size of

its nearest rival, Kobe, in Japan. However, growth has stagnated in recent years and

competition from other North European ports is growing. Ambitious and expensive plans

THE ROTTERDAM OIL MARKET The "Rotterdam spot oil market"; how it works and its

GRAINS Rotterdam is an important centre for trading and handling grains and oilseeds.

INDUSTRY Rotterdam is the hase for one of the largest concentrations of petrochemical

industries in Western Europe. Major shipyards continue to line the river despite cut backs

THE CITY The husiness centre is modern though much of the rest of the inner city needs

extensive improvement. Rotterdam is the "working city" of the Netherlands but the arts

THE ENVIRONMENT The proximity of major industries to large centres of population

has produced an intense dehate on safety and environmental issues. A big effort bas been

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The contents, sizn and publication dates of Surveys in the Financial Times are

subject to change at the discretion of the Editor

in recent years. The city is also the base for major companies such as Unilever.

made to reduce the impact of industry on Rotterdam and its inhabitants.

ultimately depend on the port it also has a broad industrial and commercial base.

lt enables companies to purchase their shares for use later in atock option plans or acquisition programmes. If redeemable shares arc

quoted at below the redemption price it enables the company to save money hy huying up in sdvance of the redemption date (a practice which our companies can, and do, adopt in the case of debentures but cannot in the case of redeemable prefere redeemable preference sbares).

It permits the evolution of open-ended investment company or mutual fund instead of having to operate through the mechanism of a unit trust. -lt provides a company with

surplus cash with a further using means advaotageously. It can be used to support the market for the shares if this

is thought to be unduly depressed, thus preserving for the ahareholders the value of their sharea as marketable securities. If the company not only buys its shares but trades in the

treasury shares thus acquired

it may make money thereby. The last two items meet with clear disapproval. The Government does not think that com-panles should be encouraged to invest in their own shares when their main undertaking is to magnifacture or trade in goods and services.

It also deplores the possibility that companies could support the markets in their own shares, thereby rigging the markets.

Nor is it keen on the thought that by buying in and cancelling abares a company could reduce its capital and so increase the earnings on the remaining sbares because that could lead to abuse.

It is also worried that allowing companies to issue redeemable shares would allow unscrupulous management to maintain or gain control over a company and use the company's money in doing so.

However it sees some advantages in some of the Items listed provided that the protection already given to creditors and shareholders under existing company law is maintained. Because of the possibilities of ahuse tight safeguards should be introduced. The paper re-

commends that The principle of repurchase should be authorised annually an option to re-sell to the at a general meeting which

mum number of shares which could be repurchased and the broad price range within which they might be bought. (EEC rules suggest a maximum of 10 per cent of the equity be avail-

 A registrar of all purchases, contracts and options should be publicly maintained and details sent to Companies House. • The annual report should

give full details and reasons for purchase in the year under re-Only fully paid shares should

be purchasable and only out nf a fresh issue or out of profits. Purchaser shares should be cancelled forthwith " and, unless financed by a new issue, be replaced by an undistributable reserve. No purchases should be made

they reduced the nominal value of the issued share capital below the statutory minimum laid down by the 1980 Act. tutions.

on ensuring that companies cannot buy ahares ont of capital which could weaken the position of creditors.

He is also concerned about a company's ability to abuse its

Companies should not buy shares out of capiwhich would tal.. weaken the position of creditors

"insider" position by buying ahares on the basis of confidential information only it possesses at the time. He recompanies should be brought within the insider dealing rules passed in the last Companies Act.

Prof. Gower finds acceptable, is likely to meet with considerable opposition from investing insti-

they would be able to attract investors if they offered to buy hack any abares which the investors later wanted to sell.

Initial reactions to this bave been unfavourable. One fund manager said yesterday: "You won't find me investing in a company which is its own jobber. I don't bet against the

The same objection would not apply to private companies where the offer hy the company to repurchase shares is seen as important safeguard for investors. They might otherwise be trapped in and unable to find another buyer for their One attraction relating to sbares than the continuing marketing of shares, which partners, who might be unable or unwilling to raise the necessary price.

Because public companies are ao different from private ones, £3.25).

sible ways of allowing only one class of company to buy shares might be encouraged to "go sible ways of allowing only one public" if they could job in class of company to buy shares their own shares outside the Stock Exchange. In other words withholding the right from another class.

Where investment trust companies are concerned he believes the implications of repurchas ing rights-which would lead to open-ended funds with a material impact on the unit trust movement-should be studied

Mr. Jeremy Sturgess, secretary of the Association of Investment Trust Companies. expressed disappointment that the Green Paper recommended that investment excluded for the time being. He said that the movement

as Prof. Gower suggested would welcome the right to be ahle to buy shares when conditions were auitable. The purchase by a company

of its own shares: A consultative cument (Cmnd. 7944, HMSO,

#### Appalling weather wrecks schedule

THE APPALLING weather which has plagued this year's Wimbledon again wrecked the schedule play yesterday.

When tennis was eventually possible, it was only on the two ahow courts, and three hours had already been lost. A start was never made on the other courts before rain set in again just before 5 pm. and the dispirited spectactors were treated, if that is the word, to the sight of overworked ground staff replacing the covers they had just

Only two matches could be finished in this short inter-

#### JOHN BARRETT AT WIMBLEDON

inde, both on Court 1. John McEnroe, who had been two sets up and 3-3 in the third overnight against the 22-yearnld qualifier from South Africa, Kevin Curren, was able to wrap up victory at

Officially the match had taken two hours and 56 minutes. But the fact that it started at 2.30 pm on Mon-day and finished shortly after pm yesterday was an indication of the problems that faced the All England Club as they battled to keep the tournament moving and

away from a third week. The conditions could hardly have been more miserable some wind and the imminent threat of another downpour.

Both McEnroe and Curren are big servers, and tha rallies were generally short and sharp. Games moved with service.

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The only time there appeared the slightest danger of a break was when McEnroe was caught at dence in the 12th game. He got nut of trouble with an ace.

Leading 54. McEnroe moved to match point with a scaring delivery down the middle and clinched victory when Curren put a backhand service return into the net. McEnroe said later: "It was really cold and raining hard wben we went out to play, but

obviously they are getting pretty desperate and throwing ynn out there whether it's raining nr nnt." Chris Evert-Lloyd, who has

not yet dropped a set, was far too experienced for the 15year-old Andrea Jaeger when she followed McEnroe on to Court 1. She needed only 55 minutes in move into the semi-finals with a 6-1, 6-1 win. Using the drop shot in devastating effect, Mrs. Lloyd moved ber opponent back-

wards and forwards as if on Miss Jaeger simply did not have the know-how or the serving strength to burt Mrs. Lloyd. She never managed to hold her service.

When the rain came the match between Vitas Gerulaitis the fourth seed, and Wnjtek Fibak, was argonisingly poised at 6-5 to the Pole in the fifth set. The score represented a marvellons fight-back by Fibak whn had lost the first set on Manday evening, and quickly dropped the second when the match resumed on centre court.

From that moment, how ever, Fibak's cause blos-somed. A service break in the sixth game was enough to bring him the third set and he took the fourth by breaking twice, lobbing particularly well in the difficult swirling

wind.
The fifth set went to Fibak after an interruption for rain. which lasted just under an hour. The score was 3-6, 4-6, 6-3, 6-3, 8-6.

#### David Churchill looks at the Government's policy statement

## More sceptical view of mergers

treat company mergers more Nott said yesterday he was not sceptically and with greater convinced "that there would be emphasis on the possible effects any real advantage in the relaon competition, Mr. John Nott, tively precise and formal Trade Secretar, announced yes-

In bis long-awaited statement on merger policy, Mr. Nott made clear that the Government did not intend to introduce any new legislation concerning mer-

Mr. Nott's announcement will be welcomed by many industrialists for ending the present uncertainty about the Governmont's mergnr policy.

This uncertainty existed since the last Government published a Green Paper calling for a shift in the official attitude to mergers. It called for a more neutral attitude

In the past 12 months com-panies have been unsure how the Government would react to any proposed merger. There been some divergence of views in Whitehall on particular mergers. The advice of the Director General of Fair Trading on particular mergers has been over-ruled twice in the past year,

The Green Paper had recommended a formal two-stage procedures proposed in the Green Paper."

He said the present law was not ideal on every detail but it was "understood and offers aufficient flexibility to accommodate any shifts of emphasis that may be needed.

"There is everything to be to ba said for constantly changing the rules. this

said the Government's attitude bad hardened. There was a need for a distinctly more sceptical approach" about assessing the relative merits of mergers. 'It may be that some ideas

not have done.' Thn Government's approach

that a merger would automatic- with larger ones." cally lead to rationalisation, miraculous transformations."

approach—although still not aa might be to eliminate a promistough as the Green Paper suging source of future competition gested-Mr. Nott made clear yesterday that the emphasis on from market disciplines." competition policy laid down in the 1973 Fair Trading Act should be more actively encour-In practice, this means the

Monopolies and Mergers Com-mission will be encouraged to consider more carefully the said for continuity and nothing a merger on both actual and potential competition.
"We must look very carefully at any mergers which

framework, however, Mr. Nott eliminate direct competitors in a market, or which may distort glomerate mergers. competition through linking supplier with customer." He acknowledged that there

could be no bard and fast rule ing it should not lead to signifor judging the competitive for mergers will not reach first effects of a merger. "In some base, as some in the past should circumstances such a merger could be positively beneficial to effective competition, by enabwould be "to take a hard and ling smaller suppliers to comsceptical look at any suggestion bine to compete more effectively

On the other hand a merger involved no direct reduction in ate against the public interest.

On conglomerate or diversifying mergers, Mr. Nott said

there was nothing sinister in conglomeracy as such. He said companies which were merely "sbopping around

when flush with funds" might lead to "a diminution of comoverall and long-term effects of petition and no evident a merger on both actual and efficiency gain." He said a careful assessment by the Commission—although potentially very difficult-might be the hest approach in some cases of con-

Mr. Nott defended in advance bis emphasis on the effects of mergers on competition by say ficantly more investigations. but should ensure that the reasons for an individual reference are more clearly understood," He suggested it "may also

lead thn Commission to shift the balance slightly in the number of mergers which they find to economies of scale, or other could be detrimental even if it operate or to be likely to oper-

## Knitwear producers urge import controls

BY RHYS DAVID, TEXTILES CORRESPONDENT

KNITWEAR producers bave much more rigorously and for Agreement on Tariffs and Trade multi-fibre arrangement comes up for re-negotlation next year.

The ludustry employs more than 100,000 people, more than balf of them in the East Midlands. It says that against a background of prolonged inter-national recession, textile products subject to the greatest import penetration should have a nil growth rate. The growth f imports generally should be related to demand.

The industry case was presented in London yesterday to MPs representing constituencies with knitwear interests by ? John Harrison, director of the Knitting Industries Federation and Mr. Harold Gibson, president of the National Union of Hosiery and Knitwear Wurkers. Mr. Gibson said that in the nine months to March some 6,000 jobs had been lost. Short-

time working was three times as high as a year ago. Import penetration by value bad increased from 14 per cent in 1970 to 33 per cent last year. The industry's other demands are for quotas to be enforced

joined other textile industry a reduction in the flexibility sectors in demanding much allowing suppliers to switch tighter controls over low-cost from product to product or imports when the General carry quotas forward into succeeding years. Tougher sanctions to prevent fraud are urged, as well as a social clause insisting that exporting countries comply with International Labour Organisation minimum

standards.

The industry wants the EEC to include an improved price clause in any bilateral deals with state trading countries. This would protect domestic producers against political pricing of goods. Tigoter con-trols are called for on imports from the EEC's Mediterranean associates and the Lome coun-

Mr. Harrison said that the knitwear industry'a problema did not stem from low productivity, over-manning or poor industrial relations. The industry had an outstanding record of productivity improve-ment and had kept abreast of the latest technological deve-The gap between wages in by the late Baron Hatvany the UK and in the main For

Eastern supplying countries was so great that productivity

#### Monet work fetches £150,000 LONDON'S summer series of auctions of Impressionist and

modern pictures began well at Christie's on Monday with a total of £2,570,700 and five works exceeding £100,000.

Top price was the £150,000, plus 11.5 per cent in buyer's premium and VAT, paid by Thomas Glhson Fine Art, of London, for Chemin dams les Vignes, Argenteuil by Monet. It

#### SALEROOM BY ANTONY THORNCROFT

was painted in 1872 when Monet

sold it for FFr 300. A lake scene with mountains, by the Swiss artist Ferdinand Hedler, made £130,000 while Galèrie Schreiner, of Basle, paid £120,000 for Swamp Angel by Max Ernst.

Two works by Monet, one a view of the Thames and Waterloo Bridge, the other of Vetheuil, each sold for £100,000. A thinned oil and watercolour by Toulouse Lautrec, Cavalier Circassien, sold for £35,000 yesterday. It had been owned

*N*O CENTURIES STARTS TODAY Open Saturday July 5th until 4pm. DRAMATIC REDUCTIONS CHESTER BARRIE, D'AVENZA and selected suit ranges in sizes up to 48" chest. PLUS : GENUINE REDUCTIONS on blazers, sports jackets,

JIEVES & AWKES of No. 1 SAVILE ROW - LONDON W.1. Also in the City, Lime Street Branch, New On.

trousers, shirts, pyjamas, knitwear, ties and shoes (incl.





## Hepatitis cirrhosis link discovered

BY DAVID FISHLOCK, SCIENCE EDITOR

from alcoholic cirrhosis of the

of such patients to liver injury from drinking. The research, which has been funded by Distillers, is reported in an account of re-search in British universities,

and Principals of the UK. The report raises the ques-tion whether a vaccine against hepatitls B virus would in-crease or decrease the likellbnod of a beavy drinker de-veloping cirrhosis.

ports designed to show the breadth of research undertaken by British universities.

the value of university re-

In an introduction, Mr Geoffrey Caston, secretary-general of the committee, says the "financial stringen-cles" of recent years have harmed university research activities.

The system of dnal support through the University Grants Committee and the Research Council has come under "acute strain", he says.

 Sir Henry Chilvers, vice-chancellor of Cranfield Insti-tute of Technology, said yesterday that his two eriteria for judging the effectiveness of his university's research were whether the spansors financed further rescarch, and whather It ind to a more sophisticated product, broader product range, greater added value

Research in universities, pp. 55. Available free from 29 Taxistock Square, London,

MANY PATIENTS suffering

liver have previously been infected by the hepatitis B virus, researchers at Glasgow University have found.

This virus, one of the causes of infectious jaundlee, may explain the susceptibility

published yesterday by the Committee of Vice-Chancellors

This is non of 25 brief re-

The reports were chosen from 2,000 submitted at the invitation of vice-chancellors, an effort to demonstrate

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## هكذامن الأحمل

#### **LABOUR**

## Wide support for Ferranti sale

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S scheme The Secretary of State for the disposal of the National refused to give such an assur- this arrangement as distinct able sum of money for them to example of true conservatism Enterprise's Boards stake in ance. He said this would be a from selling the shares to the find," Ferranti; the electronics commatter for the director of Fair highest hidder cannot be pany, received widespread sup. Trading who would report to known." port in the Commons yesterday the Government. despite some reservations on He underlined this point later

had directed the NEB to sell its shares on condition that the purchasers did not dispose of them for two years without the board's consent

This effectively maintains the independence of the company for the two-year period.

that he could not guarantee its to be permanently safeguarded independence beyond that time, from the bids on the market. It Mr. Alf Morris (Lab. wythen shawe) asked for a guarantee pany and the country that he of permanent, not merely tem assets and skills should be determined and that the porary, independence for the company. He wanted an undertaking that if a competitor took took control of Ferranti in two years time, the matter would be referred to the Monopolies and

Assent on

**Transport** 

THE GOVERNMENT'S Trans-

port Bill, which allews for the de-nationalisation of the

National Freight Corporation

coach operators to run cheap.

competitive services, received the Royal Assent late on

Monday evening, and is now

Transport Bill marks the first

stage in the first de-nationali-sation of state assets promised by the Conserva-tives in their election mani-

festo in May last year. Mr. Norman Fowler, the

transport minister's, first action under the Transport Act 1980 was to register a

new name for the freight

The National Freight Com-

nany Ltd. was registered by

market—the main operating

sector for the National

Freight Corporation—is ex-

pecied to force Mr. Fowler to delay the sale of shares.

industry are facing bank-

ruptcy as demand for haulage

services falls in line with the

reduced demand for consumer

Act's reforms for express

coach services, commuter coach services, car sharing,

local bus services, trial areas

for licence-free operation of

all services and school buses

will come into effect on

express coach service opera-

tion which have existed for

almost fialf a century.

Operators will no longer need

permissing to run a service.

( many of the long distance coach services, such as the

motorway services between

London and Birmingham to

as many operators as wish to

run coaches, provided they meet safety standards.

However, the measure has been criticised because it may

force large companies to with-

draw services on loss-making

rural routes to concentrate

on fighting competition on the

express routes. Restrictions also come off

the licencing of excursions

and tours. Commuter ser-

vices involving eight seater coahtes will also be possible.

without licences for the first

Local education authorities

will be able to use a school bus to carry fare paying

passengers as well as pupils travelling free. They can also

use their own school buses to

provide local bus services for

the first time when they are

not being used on school

This is expected to open up

The Act lifts restrictions on

But some of the Transport

and industrial products.

Smaller companies in the

The Royal Assent for the

Bill

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Fihai

By Lynton McLain

the part of the Labour Party. when Mr. Ron Brewn (Lah, Sir Keith Joseph, the Industry Secretary, confirmed that he prevent a take-over of Perranti

Mr. Brown said that he had a confidential letter which disclosed that discussions on this subject had taken place But Sir Keith told him firmly: "I don't think it is in the interests of either the country Sir Keith indicated, however, or the company for a company Mr. Alf Mnrris (Lab. Wythen is in the interests of the com-hawe) asked for a guarantee pany and the country that its

> placing of shares at £5.30p each compared with the market sense.
>
> orice of £5.96p—meant that they It represented 2 per cent of price of £5.96p-meant that they

Nevertheless, he stressed that the taxpayer would still he better off to the tune of £50m than if the shares had been left in public ownership.

Sir Keith reminded Labour critics that in directing the NEB to place the sharea, the Government had taken into account the views of MPs who, in the recent dehate on Ferranti, had expressed fears of a possible

an appropriate scheme. Mr. Morria complained that this was not a large ennugh slice for the Ferranti workers. But Sir Keith argued that it made

and would cost the employees (Macclesfield) described the pany.

Mr. John Silkin, the Lahour spokesman on Industry, was wide distribution of share pleased that the Government ownership." had avoided the shares being sold to a single huyer who would have engaged in "redundancies, closurea, and assets atripping."

That would beve heen the worst possible outcome. But he was sceptical about Sir Keth's concern for the interest of the taxpayer. It was they who would suffer from the 11 per cent discount, he said-

He also told the House that Minister had said that the NEB he had directed the NEB to retain 4 per cent of its below. But in view of the deteriorat-ing economic climate, he firmly believed that the most sensible course from the industrial, technical and financial view-

point would have been to leave them in public ownership.
From the Conservative back-

The cost to the taxpayer of about £2m-"quite a consider- Government's decision as "an which believes in private business, small husiness and a

> to protect the future of Ferranti's 17,000 employees. But the Secretary of State replied: "The idea of turning a company into a protected sanctuary is deeply hostile to the interests of the workers themselves and the people of this

ment's move and said that the per ceot shareholding for employees showed that on occasions the Government was not afraid to intervece in

Mr. Peler Emery Honiton) thought the decision would be particularly welcomed hy sub-contractors who had were being sold at a discount of the total shares of the company henches Mr. Nicholas Winterton feared a rundown by the com-

## Mr. Ken Eastham (Lab., Blackley) called for safeguards

Mr. Cyril Smith, the Liberal spokesman, praised the Governhe referred.

## Joseph firm on taxpayers' cash limits for INMOS

BY IVOR OWEN

ANOTHER FIRM Indication that the Government will take a lot of persuading before agreeing to commit more taxpayers' money to INMOS—the microchip project—was given by Sir Keith Joseph, the Industry Secretary, in the Commons last

Up to £50m of additional public money could be needed, he warned, if the "go ahead" was given for a British location for

Sir Keith confirmed that the National Enterprise Board is expected to complete its review of the case for a British location within the next two or

If the NEB made a favourable recommendation he said; the Government would bave to consider the risks, including the fact that the project might or might not he a success.

pany Ltd. was registered by the Registrar of Companies on Monday with a nominal capital of £1,000.

This is a prelude to the Government setting up the corporation as a company under the Companies' Act, eventually offering shares for sale and at a time to be decided by the Minister—selling most and possibly all of the Government's stake in the new company. INMOS in this country at tax- electronics. payers expense is not so obviously indispensable that we INMOS was not a talisman nor available, he said.

Mr. John Slikin, Labour's . Shadow Industry Minister sharply attacked Sir Keith for dithering and hesitating over committing further public funds to the INMOS Project. He suggested that the hasic canse of the delay was Sir

philosophical objections to INMOS springing from the fact that it was the Lahour Government which first accorded the project assistance from public funds.

To Lahour cheers, Mr. Silkin protested. "Sir Keith understands the importance of microelectronics to the country, yet in his heart be does not want INMOS to succeed because it is totally disputative to his own philosophy."
Mr. Silkin moved an Opposl-

tion motion urging the Government to accept the advice of the NEB last December and to make available a second tranche of £25m necessary for creating "The further development of a British capacity in micro-

should close our minds and say capacity. There was no guaran- these had not been an automatic Yes," be declared, tee that American or Japanese through to fulfilment. Sir Keith emphasised that microchips would always be

second tranche for the INMOS



want INMOS to succeed"

There had been "flickers of He warned of the dangers of interest" from the private failing to develop a British sector in recent months, but these had not been carried

The NEB had then sought railable, he said. : time to review the prospects consider whether it should go to Defending his approach, Sir for the development, and that some other area which was cryselling most and possibly all a shibboleth.

a shibboleth.

If the decision falls to the the new company.

Government, the depressed make a prudent decision on bestate of the freight baulage half of the tarnaver." he second translet for the time to review the prospects for the development, and that process was not yet completed.

Government had asked the NEB intervening from the Opposition backbenches, Mr. Eric

prise demonstrated that it had no confidence that the Government would belp the industry. They have no confidence in the future of industry because of this Government's policies." he contended.

heing shown by private enter-

Sir Keith replied: "This is a very risky project. The firms concerned considered whether it would be a sensible, prudent

investment. 'So far they have decided it

Sir Keith added: "There may come a time when a private partnership may depend upon whether the entrepreneurs are willing to re-pegotiate the scale of their equity interest in the

Sir Keith told MPs that much of the six months delay which had occurred since the NEB decided that a review was necessary had been caused by the "complete surprise" at the decision of INMOS that Bristol should be the first British

location. It was right that the Govern-ment, If the project was to be finaoced by the taxpayer, should ing out for employment. The Labour motion was

defeated by 312 votes to 251

## Tory backbenchers may question Prior

MR. JAMES PRIOR, the Em- Employment Bill in the spring, ployment Secretary, may be Yet it was clear, from repre-1922 Committee of Conservative

About 40 Tory Right-wingers last night handed a letter to Mr. lopment in the Right's long-Edward Du Cann, the chairman of the committee, asking him to the Bill, and is aimed at getting insist on Mr. Prior's attendance the whole question of trade at this week's meeting as a union reform raised in Cabinet matter of urgency.
They maintained that Con-

servative MPs had not had a Government is, in any case, preproper opportunity to discuss the amendment on trade union immunities introduced into the next week.

Labour Party yesterday over

keteers had been hoping tact-fully to absent themselves today

rather than vote against e

motion which they hasically agreed with But the imposi-

tion of a three-line whip means

they would be in breach of

party discipline, if they refused

about a whole series of EEC

documents but will concentrate

The debate is technically.

to vote with the Opposition.

line to three.

Originally, some

BY ELINOR GOODMAN, LOBBY STAFF

today's dehate on Europe Pro-market Labour MPs were furious at a last minute negotiated is less than half the decision to npgrade the whip on today's debate from two Commons voted for before the

pro-mar-

summoned to appear before the sentations made by organisations outside Parliament, they hackbenchers tomorrow to make claimed, that the Bill did not servative Right-wingers and commitment to legislation. a final defence of his step-by- go far enough, and failed to step approach to trade union fulfill the party's manifesto commitment.

The move is the latest deve-

again before the summer recess. It comes at a time when the paring itself for trouble on the Employment Bill in the Lords

Labour row on Europe brewing

A ROW was blowing up in the negotiated by Mrs. Thatcher in of pro-marketeers went to see

The Opposition amendment

Venice summit, It will also

point to the outstanding prob-

Shadow Cabinet bad, epperently,

been prepared to go along with

this amendment. But some of

the committed Europeans on the

Lahonr backbenches felt it

would be hypocritical to vote

against the Government "take

On Tuesday night, however,

the whip was stepped up to a up again hy renewed calls for

Pro-market members of the

lems on fishing policy.

on the refund on Britain's three-line whip. When they Britain's wit contribution to the Community heard of the decision a group Community.

seem reasonably confident that the Government will escape this commitment to a green defeat next week when Con- paper hardened up to a definite crossbench peers are expected to get together to press an amendment on the closed shop. Mr. Prior would prabably But the protest vote may well accept a repeat invitation if be a large one and add to the asked to attend by Mr. Du Cann. running campaign to tighten up pressure on the Government to His colleagues deny the infercommit itself to tougher action

in future. ing off hackbench criticism of last appeared before the 1922 Committee. But he did have to to union reforms if the '22 Compromise a green paper on Trade mittee showed that it was clearly Union immunities later in the dissatisfied with the Bill.

that they were not prepared to

support the Labour amendment.

mistic that the whip would be

down-graded back to two. But

once again being told that ft

The situation was still in a

state of flux last night and there

was still a possibility that the

whips would agree to take off

The argument comes at a time

when all the old painful divi-

sions within the Labour party

over Europe bave been opened

When they Britain's withdrawal from the

yesterday afternoon MPs were

no pairs would be allowed.

Afterwards, they were opti-

Given his success at his last appearance at the committee. Nevertheless, it would not his Bill in February when he make Mr. Prior's efforts to mainmain the step-by-step approach

## of Clegg

nalled the nitimate demise of the Clegg commission on pay comparability yesterday. Mrs. Thatcher told the

Commons during Questions: I do not think the life of indefinite."

Professor High Clegg, who is to retire later this year, has done "the very best job he could" under his terms of

heen asked to compare things which were hasically incomparable," Mrs. Thatcher told Tory Cabinet Former

Minister Mr. Geoffrey Rippon condemned Clegg as "a disaster" and said the dectrine of comparability was dubious.

He arged Mrs. Thatcher to say thank you and goodbye to Clegg and Boyle so we can have a realistic incomes policy in the future."

and/or loss of markets. She told MPs during Ques-

tions: "It cannot he in the interests of any groop to withhold co-operation from the police." Mrs. Thatcher said she

## Prior attacks critics of Employment Bill

complained that the Employment Bill did not go far enough in discouraging practices like the closed shop and secondary

Mr. Prior was speaking to the bi-monthly council meeting of the Managerial, Professional and Staff Liaison Group-which takes in managers' and staff against the union issuing direc-associations which do not affil-tives to its members to come late to the TUC. His remarks out on the TUC's Day of Action were clearly also addressed to on May 14. critics in his own party, to whom

Mr. Prior said there was no point in passing laws on the closed shop, or any other measures, which were "completely unworkable "-as had happened under the 1971 Industrial Relations Act.

Pressed by some members disappointed that the closed shop had not been outlawed, or dramatically curtailed, by the Bill, Mr. Prior shouted: "Who were the people who did not "Perhaps the easiest thing is control and to e enforce the 1971 Act." Manage- to write measures in to a mani-

NUR bid

to restore

Labour

By Philip Bassett

THE National Union of Rail-

waymen yesterday called on the

Labour Party to reintroduce its

list of proscribed organisations

whose political beliefs are in-

compatible with party member-

ship.

The annual conference of the

submitting a motion to the party conference calling for the re-

introduction of the list, Though

it is too late for a motion to be

tabled for this year's party conference in Blackpool, the NUR will raise the issue with

the party's National Executive

Committee.
The issue of the proscribed

list is one of the must poltically

seoslive in the party. The list was introduced in the 1930s, mainly because of the wide-spread influence in the party of

the Communist Party of Great

listed had drawn the conclusion

that they were allowed to operate in the party.

Workers' and Workers' Revolu-

tionary parties, the Inter-national Marxist Group aod

Right-wing organisations such

Alliance, the list ought to be

Others though said the

reintroduction of the proscribed

list would take the party back to

the days of witch-hunting. The

party was broad enough to en-compass various shades of

Mr. Sid Weighell, NUR general secretary, urging a

unanimous vote in favour of the

resolution, attacked both the NEC and various mainly Left-

wing organisations over the

stituency parties have not been

helped in recent years hy the attitude of the NEC because

there are influential elements in

the NEC who now put forward the view that anybody, irrespec-

tive of heir political views, is welcome in the Lahour Party

if they wish to operate within

AN ATTEMPT by the white-

collar section (MATSA) of the

General and Municipal Workers'

Union to secure recognition at

the Glasgow-hased Reo Stakis

hotel and catering organisation

the Advisory Conciliation and

Recognition

"I am bound to say that con-

political opinion.

our organisation.

bid fails

the Social Democratic

NUR conference delegates said yesterday because of the spread of such far Left groups

ment Secretary, yesterday the hell's the use of that? I'm carry them out, and don't I turned angrily on critics who not going down thet road again." know it?" said Mr. Prior. not going down that road again." Mr. Prior referred to the case

of Express Newspapers, which had drawn back from taking legal action against the National Society of Operative Printers. Graphical and Media Personnel after the union had disobeyed the terms of a court order. The Express had taken the order

"Did the Daily Express take further action against NATSOPA? Not a bit of it. Why not? Because they did not wish to lose more days' produc-

hy now that legislation must carry the consent of the people on whom it is to operate.

MR. JAMES PRIOR, Employ- ment and the employers. What festo. The hardest thiog is to

Earlier, he said the Bill imposed "very considerable restrictions on damaging secondary action." The changes proposed would limit such action to that which was targeted directly oo business being carried out with the employer in dispute, during the dispute. He said some Conservative

Party memhers had wanted to see further action, but it had been decided to limit it to these changes. A green oaper on trade union immunities would be published later in the year, together with codes of conduct on the closed shop and on

tion.
"I fully support the action of Express Newspapers in not pursuing a purely legislative manifesto pledges "to the pursuing a purely legislative manifesto pledges "to the solution. Long experience must letter. We are trying to do have taught the British people everything we can to strengthen the position of management. We believe that one of its most important tasks is to regain

#### Railwaymen warn private buyers BY PHILIP BASSETT, LABOUR STAFF

proscription THE NATIONAL Union of sell off part of the industry's

shares are to be offered for progress, sale, later this year.

He said Mr. Sid Weighell, general

secretary, warned prospective purchasers of shares in British Transport Hotels that the NUR bad 100 per cent membership NUR in Guernsey committed the union by 54 votes to 18 to in British Rail's hotel busioess.

If new private owners, often used to dealing with largely unorganised hotel workers. attempted to Ignore the NUR, the hotels would be "blockaded and harricaded" to prevent the movement in or out of supplies and staff.

Proposals to denationalise at least parts of BTH, Sealink and the railway's Property Board are expected to be presented in recognising

Railwaymen vesterday made a non-rail interests, Mr. Weighell firm effort to deter private com-panies from buying into British to force the NUR away from Rail subsidiaries. Some of their key productivity talks now in

He said that Sir Peter Parker, chairman of British Railways Board, who will address the NUR's annual conference in Guernsey today, had told him during the union's last pay year that the board might have to sell off its shipping, property and hotel interests simply to meet its wages bill. Mr. Weighell believed the board's financial position was still as

Even so, the conference yesterday decided both to draw round an unspecified but substantlal pay claim for next year. with the proviso that it should be for an increase of no less than the inflation rate, and to a Bill which is aimed to he on increase the price of its agree-the statute book by the autumn. ment to the hoard's efforts to improve efficiency in the Government's determination to industry.

## Britain, both opeoly and io the form of front organisations. In 1973 the NEC recommended to the annual conference that the list should be ahandoned. It had become out of date and organisations not listed had drawn the conclusion. covers 11m unionists

BY OUR LABOUR STAFF

IN A study of rule-books for 79 ratified by the executive council. of Britain's principal trades There was considerable varia-unions, 63 of the unions, with tion in members' rights during more than 11m members, had a disciplinary bearings. hlanket clause covering disciplinary action for unspecified offences.

According to the study, by London Sebool of Economics and carried in the Government's Employment Gazette, the most common is a rule protecting the union from action detrimental to its or its members' interests. In most cases a blanket clause

ing specific offences. Some meet entry requirements. unions also issue guidelines to Half the unions were able to

bmit, 11 could levy £50 and more, and 14 could not fine more

than £10.

levy fines. Nine unions had no of Seamen has a comprehensive

tended to be more precise. The Sheet-Metal Workers' Union, for example, specified 31 occupational categories eligible for recrui ent.

. The great majority of unions

studied bad an entry require-

ment. Those of the craft unions

All unions studied reserved the right to reject applicants for is accompanied by rules detail- reasons other than failure to

The United Road Transport officials on how to apply rules Union requires applicants to be of steady habits and good moral character. The National Union list related to the work environment. It can, forexample, ex-In 38 of the 79 nnions the on hoard ship could be in the branch had disciplinary power union's view prejudicial to the and in four cases this had to be safety and well-being of others.

## Decision on Proms likely

BY JOHN LLOYD, LABOUR CORRESPONDENT

are due to begin on July 28. The series is threatened hy

has failed to win the backing of . to dishand five orchestras.

THE BBC's board of governors seen both sides in the past few is likely to decide tomorrow days. It said they remained whether this year's Promenade "as far apart as ever" and concerts will go ahead. They there was no basis for joint lalks.

Mr. John Morton, the union's the Musicians' Union's blacking general secretary, axid last of live music on the BBC, in pro- night that the corporation could test at the corporation's plans still hroadcast the Proms if it dropped the plans to axe the The Advisory, Conciliation orchestras and took the matter and Arhitration Service has seriously.

## S. Wales pitmen to resist closures

BY ROBIN REEVES

Aroitration Service.

SOUTH WALES miners' leaders the hacking of all other British Mertbyr is withdrawn. This mittee, Mr. Emlyn Williams, the region's president, said that Merthyr colliery in the Rhondda following pithead meetings 26,000 miners nnanimously already announced it wants this backed a policy of all-out resistance to colliery closures result- following a row, sod the lotering from Increased coal imports

He stressed his officials bad made a special effort to estabsupport after last February'a industry. lebacle when a call to strike was rejected.

He was in no doubt the mood of the National Coal Board's Wales miners would he seeking closure threat to Tymawr Lewis collieries.

will arrive at next week's coalfields for a united stand, io national acquai conference line with the National Union of totally opposed to pit closures. Mloers' official policy of oppos-Speaking after a meeting of ing pit closures except where the South Wales executive com- coal reserves are exhausted. The fate of the Tymawr Lewis

> Valley is at present in quesloss-making pit to close. But vention of Mr. Joe Gormley, NUM national president, its position is being investigated by two mining engineers represent- of the

This compromise bas not pre-

action has held up investigation at a number of other pits. The Welsh miners' aoti-

closure policy has heen sharpened by recent suggestions that Mr. lan MacGregor, BSC's new chairman, wants to close covering every shift, the area's tion. The Coal Board has one of the two major South Wales steelworks, with a con-Port Talbot

elready imported coking coal. Closure other lish the depth of rank-and-file ing the two sides of the Llanwern, thought to he the more likely victim, could reduce Weish coking coal usage by a in support of the steelworkers wented Welsh union leaders further 1.4m tonnes a year, from aticking to their boycott putting up the number of threatened closures in the coalwas now very different. Sonth joint pit review until the field from about 12 to 20

## Callaghan urged 'sack frontbencher' MR JAMES CALLAGHAN was Pendry from the frontbench if longer Moscow but Olympia—is British citizens and provided

urged yesterday to dismiss Mr. he persists in going." Tom Pendry as a frontbench spokesman ff he goes ahead bridge and Hyde, is spokesman with his piens to attend the on Northern Ireland with Moscow Olympic Games. The call came from Mr. sport

is a Shedow Minister stabbling I believe in the Olympic ideal the West in the back. While and I am opposed to the strongone can understand that some arm tactics of the Government, athletes may want to go to those in hig business and others Moscow, there is no instification who have been responsible for moscow, there is no like House of bullying our ethletes and sports dor. Sir Curtis Keeble, was Commons to do so in the present administrators over the past called to the Soviet Foreign

Mr. Pendry, MP for Stalyspecial responsibilities for

Nicholas Winterton (C. He said: "My main reason Macclesfield), who said: "Here for ettending the Games is that

circumstances.

Ministry. The Soviet response and the games.

The Soviets will use the Mr. Pendry, a former and a fortight ago."

The Soviets will use the Mr. Pendry, a former and a fortight ago."

The Soviets will use the Mr. Pendry, a former and a fortight ago."

The Foreign Office protest was agen as a warning to British Britain asked the Russians to tourists who are thinking of investigate elleged complaints and assault of Games.

The Soviet response and the games.

The Foreign Office protest was agen as a warning to British tourists who are thinking of investigate elleged complaints of harassment and assault of Games.

therefore a sporting one. "I I can be of any assistance to those either representing or supporting our country at the Games, then I will be only too willing to do so." Britain appears to have re-

ceived a dusty answer from the Soviet Unioo to its complaints that the Ruslan euthorities bave been harassing British visitors A Foreign Office spokesman

said yesterday: "Our Ambassa-Ministry. The Soviet response

details of et least 10 specific Russians epparently

replied in general terms and the Foreign Office sees this as a rejection of the complaints. Ministers are now considering what to do next and a statement is likely in Parliament shortly. The Foreign Office publicised

the protest to the Soviet Govern-ment on the day Lord Carrington

made a renewed appeal to Britain's Olympic ethletes not

to go to the games.

ence in the letter sent to Mr Du Cann last night that be baa Mr. Prior succeeded in fight- deliberately avoided attending

## **Thatcher** signals end

that commission will be However, she conceded that

The Clegg Commission bed

• The Prime Minister said yesterday she "deplored" the call made by a new ethnic organisation for coloured ople to cease co-operating with the police.

totally deplared the advice, which had come from "extremists" in the newly-formed

HANDLING

## **Conveying loads** in pipelines

PNEUMATIC conveying test which has a maximum of about facilities, capable of handling a 75 metres at present. The facility range of materials in dense and incorporates a return system so pulse phase flows, are under that the material under investiconstruction at BHRA Fluid gation can be used for sub-Engineering. The rig will be sequent runs, if required. The used to study the effects of delivery of solids from the conveying conditions on trans-port characteristics, as well as on the materials themselves. coveying pipe can be monitored, while air flow to the rig, pressures in the vessel and

Pneumatic pipelines are com-pact, economical, environment measured. Contributions to the ally desirable, and can be easily test programme to date include automated. The advantages of this method of transport could expertise supplied by ICI, and be extended to a wider variety the purpose-built air supply of products and materials if the which is being provided at conveying conditions could be reduced cost by CompAir optimised, while improved techniques (e.g. dense phase) could eliminate disadvantages and tion of this test facility, BHRA restrictions encountered with is undertaking a technical particular substances when review and market survey, using present methods. Certain principally in the UK, to define agricultural products and feed- future research and developstuffs, some chemicals, organic ment needs in the poeumatic polymers, and minerals could conveying industry. Some conpanies have already indicated their interest, but BHRA would

cubic metre bottom-discharging like to bear from others who blow-vessel, a receiving silo of could benefit from this work. comparable volume, a bag filter system, and transport pipe of Fluid Engineering, Cranfield, 83 mm bore, the length of which Bedford MK43 0AJ; telephone he changed readily but 0234 750422.

PRINTING

## No need to buy new presses

meot to offset with a system developed by Dallas-based Publisbers Equipment Corporation supplied in the UK by TRH Graphics, 66. King Street, Southall, Middx. (01-571 2116).

First prototype of a PEC inserted unit was installed last December at the New York Times 43rd Street pressroom packed closely together, and resulted in a \$20m order Narrower current new

to install a further 71 systems. Normally, the full change from letterpress to offset means a oew press, new foundations (sometimes a oew building or extension, all of which add up

to high iostaliation costs. Changeover is minimal, and cylinders.

IT IS now possible to convert the basic structure of the press newspaper letterpress equip is unchanged when the PEC system is installed on an existiog letterpress machine and this method of conversion costs, something like a third or a quarter of the outlay needed for a new offset press.

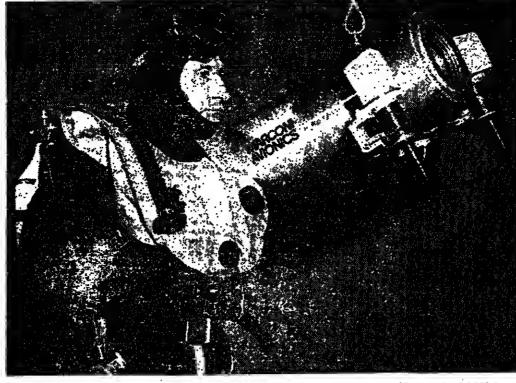
the equipment and operaling

In parallel with the installa-

Further details from BHRA

Conversion is effected by replacing the letterpress cylinders with four offset ones

the body of the instrument, Narrower current oewspaper enabling the component to be web widths provide space between existing side frames to insert the new uoits which consist of new auxiliary side holes clear. frames, gears, bearings, and form rollers with necessary throw offs and sbortened



Marconi Avienics' new underwater TV camera which enables scenes to be monitored in natural colour and can provide data vital for the safe maintenance of underwater structures and ships' hulls. The camera can be diver-held or re

Extraction

made easy

boards in a single operation.

button operated vaeuum cham-

ber. It requires connection to a

In use, the desolderer is

the soldered joints on the

flows, a press of the push buttoo

draws the molten solder into

Circuit Plating operates from

vacuum pump.

of solder

controlled, and has a working depth of 1,000 feet. Designer of the camera, the latter is the main element in Marconi Avionics' VF 1000 underwater TV system, is Doug Howick (in picture) principal technologist in the company's electro-optical advanced systems division at Basildon, Essex.

@ PROCESSING **a COMPUTERS** 

## **BASF** to market Hitachi units

CIRCUIT Plating Equipment that enables 14, 16 or 18-pin which IBM plug compatible disc electronic components to be de- and tape drives have been soldered from printed circuit offered followed by an entry into the desk top microcomputer Compact and lightweight tool, market last year, BASF, essenit is designed for single-handed tially known for its magnetic use and incorporates a 50 wait, materials, has now come to an temperature-controlled solder agreement with Hitachi by which it will offer the Japanese ing instrument with an intercompany's computers in Europe changeable head, and a push-

and South America. Known as the 7-Series, the machines are described as 100 per cent IBM-compatible and it is claimed will offer a 15 to 20 placed so that the head fits over per cent price advantage lo

This Japanese-German comunderside of the printed circuit bination joins Amdahl, Magnusboard. As soon as the solder son and others in offering lower cost alternatives to the original IBM product at a time wbeo the general economic climate might seem unfavourable. Io fact, the company sees tight withdrawn from the other side customer budgets as an advant- mips. meet the same requirements will be in demand.

Considerable emphasis is also Cheapside House, Buckhurst being placed on the permanency Cheapside House, Buckhurst being placed on the permanency Haddon House, 2 Fitzroy Street, achieved by U-shaped cuts in Hill, Ascot, Berks. 0990 25049. of two big German and Japanese London W1P 5AD (01-637 8971). the plastic.

can supply a solder extractor AFTER NEARLY a decade in companies with well known

All leasing will be through BASF's internal sources and the company says it will upgrade customers' machines without penalties. It also emphasises that it can now provide com-plete packages of mainframes and peripherals, echoing the recent proposed Amdahl/Stor-Technology Corporation merger, oow called off.

The range begins with the 7/60 which can execute 1.2m instructions per second (mips), said to he equivalent in processing power to the IBM 3031 but offering "advantages in size, weight and power consumption."

models ranging from 2.2 mips, field upgradeable to 5.25 mips, units providing from 8 to 10

sive plumbing. BASF United Kingdom is at

production of wall-to-wall carpeting of the piece-dyed development offers a very considerable reduction in energy velour type. consumption due to the sharp Snia Viscosa, Ufficio Stampa, via Montebello 15, 20121 Milano, Italy. Telephone 6332. drop in the operating tempera-ture required from 100 to only

ment in quality.

The company and carpe

QUALITY CONTROL

It is simple, rapid and economical and does not require

the installation of special equip-

ment, the company reports. Work to develop the process

was carried out using SNIA-Viscosa's Lilion nylon fibre. Compared with the traditional

approach to dyeing nylon carpets, the Italian group's

. TEXTILES

#### Eases X-ray problems disc or ROM and test results can

Nylon carpet dyed

new method of dyeing nylon ensures about 30 per cent carpeting which, it believes, greater throughput per machine. will make a considerable impact At the same time, the company in this area of the furnishings claims an improved handle and industry.

by novel method

which allows individual packages to be engineered to perform dedicated tasks is available from Peerless Control Systems of Milton Kaynes.

ART (Antomatic Radiographic Testing) uses computer techniques to scan, interpret and sequence the results of an X-ray examination. By combining a matched TV camera with an image intensifier and controlling the X-ray equipment from the computer, high quality TV pic-tures are displayed for immediate visual inspection, for known standard components, or for wall thickness checking by means of image density grading.

Dedicated inspection programmes can be stored on floppy Potters, Lane, Kiln Farm, Milton Keynes. MK11 3HQ. 0908 68383. HORTICULTURE

#### Answer to problems of cloches

Melbourne is an English village which has given its name to a new type of field frame. This could revolutionise plant propagation for the commercial gardener.

The Melbourne frame is At the top end will be the stoutly made of galvanised steel 7/70 of which there are three tube; with a PVC cover. Stronger and a better insulator field upgradeable to 5.25 mips, than polythene, the PVC is as well as the 7/80 series conclaimed to be an excellent transsisting of two central processing mitter of natural light and to protect crops from frost down

mips. to -6 degrees C.

All the machines are aircooled and so eliminate expen- attribute of the frame is its capacity for self watering and self ventilation,

These cuts or tongues open up to admit rain or irrigation water, and act in the same manner to distribute evenly water formed by condensation. They also act as a ventilation system. When the temperature rises, the plastic softens and the

in, 9 in or 12 in diameter.

They convert the received X-ray

image into electrons for amplifi-

cation and then reconstitute the

electronic picture into a visual

The ART system camera is spectrally matched to the output phosphors of the image inten-

Peerless Control System,

display.

escape. When the temperature cools, the tongues close again.

The necessity frequently to move the frames is thus avoided, resulting in high labour cost savings, and a num-ber of experimental horticul-tural stations are currently

tongues allow warm air to

evaluating the product. Further information from Spyra (Burton), Burton Road, Castle Gresley, Burton on Trent.

Atlas Copco compressed air systems.

A force put to work for you.

#### the finished product, in other words, a worthwhile improve-SERVICES Hot melt factories have been subjecting the process and its products to long and stringent tests. Carpet adhesive manufacturers have begun to use Lilion staple fibre for the systems

AN ADVISORY service on the use of foamed hot melt adhesived systems has been established by Borden (UK), in response to general interest in this news

The company believes that there is exceptional potentials for this technique, havilng carried out development work and be taped for future analysis or field trials using Nordson Foam& Melt equipment specifically, designed for this purpose... Results indicate that foamed hots In operation, ART can use any source of ionizing radiation, including isotopes although best melts give technical and prova results are obtained with small focal spot, constant potential units. Image intensifiers can be duction henefits that make them: suitable for many applications; where previously other adhesive supplied with input windows of

bas been preferred. it Among the significant advants ages foamed adhesives have over normal hot melts are: increased opeo time plus faster; setting; improved spreading and wetting; and reduced adhesive; consumption. These are achieved by foaming the adhesive with an inert gas, typically carbon dioxide. Initially the gas bubbles have an insulation effect which reduces beat loss and increases over time. Againg as a disconsistency of the consumption of the consu open time. Acting as a diluent the gas reduces viscosity and in-creases volume, to give better coverage and penetration. After compression the foam collapses to leave a thin glue line which sets quickly and gives excellent

adhesion. The economic benefit of the reduction in adhesive use— which can give savings of up-to 20 per cent depending on the application-is the most obvious feature but Borden believes that the technical factors will be the more important? in developing the applications of bot melt adhesives.

It is particularly this prospect of widening the uses of hot melts that has led Borden (UK). to s et up a consultative service,3 to be provided by the Research and Development Laboratory.

Users wishing to evaluate foamed hot melt systems should contact R. Balfour, Research, and Development Laboratory, Bordeo (UK) Limited, North Baddesley, Southampton.

This is the ultimate First Class luxury, the new Qantas Sleeper Chair

Upright, it's a wide, comfortable seat.Butatthepullofahandle and the flick of a lever, it turns into the superbly contoured bed you see pictured.

As you can imagine, with such a comfortable in-flight rest, there's no need to break your journey to rest overnight.

But the advantages of our First Class cabin don't begin and end with a good night's sleep. In your waking hours you can

sample a superb cuisine, carefully created to meet the needs of our long distance flights. And for your after-dinner relaxation, we've introduced a small, but

significant advance-fully wired and padded headphones. They're designed to do justice to our 10 channels of stereo recordings, from the subtleties of a Mozart

symphony to the sound-effects of a Monty Python sketch. With the introduction of the new Sleeper Chair, you'll find our First Class service is undoubtedly the

most relaxing way to reach Australia. But matched with such exclusive service, it would be a pity if you slept all the way.

> QQN**TA5**( The Australian Airline





Still, it is confident that in

time it can baat the markating

company has been set up and Lucas CAV has seconded a

marketing man from Britain, as

A bigh level of replacement

A major problem at present

At present, borrowed

is interest rates, which bave soared to a crippling 27 per

funds represent about half the company's capital employed.

The factory site at Changwon

has provision for expansion into

injector and pump making as

well as greatly increasing nozzle

Manufacture of complete systems would enable Lucas CAV to gat into the original equipment market — which should grow rapidly. Saehan, the Korean General Motors affiliate,

will start making diesel cars this

yaar based on an Opel design

and the other two local makers,

In the long run there is the

opportunity for foreign manu-facturers not only to get into

the local market but also into

Hyundai and Kia, will follow.

Niche

making injection pumps.

## Lifting the veil on the fast-growth entrepreneur

BY GRAHAM RAY AND PATRICK HUTCHINSON

Science Research Council E. I. Altman's American study generates criticism because of of the prediction of bankruptcy its funding of rather esoteric are applied to the Bath sample. projects. One project that a majority of these extremely recently raised eyebrows was successful companies would be "Changes in kinship and sex classified as bankrupt in at least roles in a modern Phlish nne of their years up to flota-

SSRC-backed projects can particular features of small easily be defended, bowever, firms which grow to public One that can is a recently quotation size and those which completed investigation at Bath do not. University into the financing and financial control character- concerned the most important istics of those entrepreneurs point arising from the who start from small beginnings questionnaire data is the fact and grow rapidly until their companies are publicly quoted.
The investigation confirmed the view that bas been amorging over the past two yaars nr. experience financial stress, they so and that is that no funding did not express any greater gap exists. It also revealed complaint about the availability

some. other significant findings, such as the need for different. evaluation techniques to assess fast movers." It discovered that fast-growth entrepreneurs are much more preoccupied with growth than with retaintheir independence: and that although they quickly develop management teams. they lead them in an autocratie

change the environment in favour of entrepreneurs, this project at least escapes any charge of irrelevance.

The research has been funded in two stages. The first stage was a pilor study, started back in 1972 and financed by the Esmée Fairbairn Charitable Trust This involved the construction of six detalled case studies of small rapid growth companies. The second stage, which began in 1976, has been financed by the SSRC and is a retrospective analysis of the financing and financial control of small growth companies which went public between April 1968 and March 1973.

The findings of the Esmée Fairbairn pilot study suggested. accounting ratios; since they are to attain and preserve highly illiquid, highly profitable independence, and highly geared. This was The evidence from the Bath confirmed in the larger SSRG, small rapid profits are the need BUSINESS PROBLEMS. grew to flotation have extreme

Bath study. illiquidity of fast growing Bolton Committee. The small firms and the importance objectives of maximising profits of the Bath study is that it provides evidence on rapid growth firmly stated throughout the companies after they have out-grown the definition of "small" made hy the Bolton Committee. The Bolton figures give an indlcation of what may be expected for small growth companies but : those in the Bath sample emerge

the matched sample of small ance on its proprietor. The firms which did not grow to evidence of the Bath small flotation becomes available, it is hoped this can be used to predict, which small firms are stage, in a minority hut in an likely to make the matches. likely to grow to public quota- increasingly significant number

The relevance and usefulness to develop a new yardstick to the nation's needs of many which takes into account the

So far as financing is of finance or financial advice than those which did grow to

#### **Availability** of advice

. The questionnaire data confirms the observations of the manner.

Bolton Committee that there is
In view of the expressed faith no finance gap regarding
of the present Government in financial facilities for small the power of small firms to companies in terms of sources relieve the problems of unem. of finance nor in terms of availployment and its determination ability of financial advice. On the other hand, the fact that small companies which grew to flotation did have distinctive financial profiles could mean that effective loan evaluation techniques could be developed which would enable lenders to assess more accurately the credit-worthiness of small companies.

Financial institutions tradi-tionally argue that they invest in individuals rather than in accounting statemeots, bowever these might be analysed. From this point of view, the analysis of the questionnaire data on financial control shows distinct differences between the results of the Bolton Committee and that of the rapid growth entrepreneurs. For instance, the evidence of the Bolton that small companies which Committee Report emphasised

confirmed in the larger SSRG small rapid growth company is Bath study.

The Bolton Committee Report comparison, strikingly different ad earlier provided data on the from that described by the period and apply just as firmly in the early days, when the companies were struggling to avoid making losses, as later when a public quotation had been obtained. So far as the structure of the

as even less liquid, even more organisation of the small comprofitable and more highly pany is concerned, the Bolton geared than expected.

Committee commented on its when the accounting data for simplicity and its direct dependtion size and which are upt. In of companies, a subordinate

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just how easy it is.

the Social the meantime, if the findings of managerial structure existed. In our interviews a vast majority companies identified the creation and mainteoance of a team as a crucial factor in their success; this allowed them to deal with their rapid growth. The Bolton Committee identified poor cost cuntrol, poor

costing data and inadequate financial records with small companies. Our findings for our small

rapid - growth companies are quite different. From the early years a significant and increasing minority of companies were structured into expensa ceolras and profit centres; and in the paried of rapid growth leading the opportunity to shoot the to flotation, this comment rapids in a bath-tub, applied to a majority. It is quite clear that there is a close connection between the success-ful management of rapid growth and the use of accounting information since these com-panies managed on the basis of extensive historical and fore-

casted financial information. From the early years, the elements of historical profit and loss account and halance sheet were reported upon, for the most part monthly or waekly. In the take off and rapid growth period prior to flotation this substantial base of regular monthly historical information was reinforced by an increasing tendency to produce regular monthly forecasted information.

This substantial base of historical and forecasted information gave sound credit control, stock control, product cost control and in particular cootrol over cash flows, from the early days when many companies were making losses and also during the period of exceptionally rapid growth.

The regular supply of this financial information could not have been achieved without access at a very early stage in development to both data processing facilities and also to an accountant, who first of all acted as a "score-keeper" and provided regular and detailed historical information and then, particularly in take off period, provided an increasing volume

of forecasted information. To all of these respects our small rapid growth companies are remarkably different from the average described by the Bolton

The genaral impression given to the Bolton Committee was one of extrama caution, bordering almost on timidity in the sphere of finance.

This is not a description which follows from the evideoce collected from our small rapid growth companies. In our case the clear identification of cash flow as the key variable to be cootrolled together with an emphasis on expanding and controlling sales, reinforced by information, both historical and forecasted, gives an impression not of timidity but of outstanding coofidence to deal with the problem, carefully identified, and deliberately plannad, of managing the financial conaequences of overtrading. The characteristics are not those of deliberately seeking out the quiet backwaters but rather joyfully seizing on

#### Short-term credit

In summary, the rapid growth companies which we researched wara highly illiquid, highly profitable and highly geared. Great raliance was placad on short-tarm cradit, mainly from trade suppliers but the successful companies managed their overtrading by developing appro-priate organisation and control syslems. Although there was no evideoce of a finance gap for those taking part in tha research, nonetheless a danger does exist that companies displaying such symptoms of over-trading might be diagnosed as potential bankrupts.

It is important, therefore, that financial institutions and business schools, possibly in collaboration, search for ways of idantifying these rapld growth eptrepreneurs and for developing them, thus ensuring successfinancial investments and siso, from the Government's point of view, successful employers.

Dr. Groham Roy, chartered accountont, University of Both ond Patrick J. Hutchinson, University of New England, Austrolia, carried out the inves-tigation at Bath University. Further detoils of the findings are ovailable from the SSRC.

In a partnership agreement drawn up in 1976 it states that on dissolution of the partnerother "at bank rate." is "hank rate"?

We think that, in the absence of anything in the agreemant itself to suggest otherwise, the phrase "hank rate" would be taken to mean the Bank of England's minimum lending

#### Agricultural security

We own a farm, let to an inefficient farmer who only pays £5 per acre per year, when we years rent. We have been told that as an agricultural tenant he has all sorts of rights and have been discouraged from doing anything. But do we not have any rights? What can we do?

It is true that the farmer enjoys security of tenure under a tenancy of an agricultural bolding. However that does not entitle him to refuse to pay his rent. If he continues not to pay you can recover possession—although it seems likely that a belated payment will be made since the rent is so small. You should serve a notice in writing requiring the tenant to pay within two months from service of the notice all arrears of rent (specifying the sum). If that is not done you can serve a notice to quit (i.e., so ordinary 12 months' notice) and recover possession at the end of the period specified in the notice to quit under Case D of subsection 2(3) of the Agricultural

All inquiries will be an post os soon os possible.

1977. Late payment of arrears (i.e., after service of the natice to quit) will not prevent the notice taking effect and you may thus recover possession.

BY OUR LEGAL STAFF

#### A loss on tarming

I am in the process of estab-lishing a small farming business. It was originally lll-equipped and I bad very little capital. I have a job at present and for five years I have bad tax relief on the loss but this has now been terminated quoting five years as the maximum period of relicf under Section 180 of the Income and Corporation Taxes Act 1970. Can you please tell me whether (a) the wording of the Act is as absolute as the Inspector implies? (b) there are any exceptions and if so under what circumstances and (c) a period say of one year in profit will qualify a person for a period of relief at a later

of farming or market gardeniog shall be excluded from section 168 above if in each of the prior five years a loss was incurred in carrying on that

for administrative convenience. Principles of equity have little place in tax law: (c) Yes, in principle, but "year," in this context, means a tax year (ended April 5). Unless your accounts are made up to April 5 annually, therefore, an isolated accounting year's profit (hefore deprecia-tion etc.) may not be sufficient to get you off the hook. No legal responsibility can be occepted by the Financial Timas for

(a) Yes, unfortunately. Sub-section 1 of section 180 says: "Aoy loss incurred in a trade

trade . . .".

1b) No: the rule is designed

the answers given in these columns. All inquiries will be answered by

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## LOCAL **AUTHORITY BONDS**

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IT sounds like a formula for more than balved overnight.

cent-owned subsidiary of Lucas CAV of the UK. Aftar producing 200.000 vehicles last year South Korea is now expected to produce only 120,000 in 1980. lass than half the original target of 260,000.

looks bleak, especially as the country is having to daal with vet another oil crisis, an economic recession and the political uncertaintles which have followed last October's assassinatioo of President Park Chung Hee and the current military intervention

overt signs of despondency. For one thing, it points out that the disappointing outlook for motor vehicle production applies mainly to petrol-driven vehicles, as opposed to the more stable diesel market, at which it

ing giving the go-ahead to the about £6m. However, it seems Korea. Lucas's daclining profits and the capital demands of major projects in the U.S. and elsewhere bas delayed the go-

Nonetheless, Lucas CAV is clearly choosing to ignore any become the world's sixth largest manufacturer of motor vehicles
—and Lucas CAV wants to he firmly established on the ground ment is successful it may demonfloor before that happens. The company's factory is at benefits of permitting greater seems to think that it should But m Changwon. a vast new in foreign equity and control. At bave started its marketing harder.

With the British motor iodustry at a low ebh many component manufacturers are increasingly having to turn their attention overseas. One example is the attempt by Lucas CAV, the UK's biggest manufacturer of fuel Injection pamps, to elbow its way into the potentially lucrative South Korean market through a new type of joint venture . . .

disaster: a motor components supplier sets up an expensive new plant in a devaloping country with a supposedly fastexpanding market only to find prospective vehicle production

This is the prospect facing Lucas CAV Korea, a 70 per On the face of it the outlook

Yet Lucas CAV is showing on

is aiming. The company started production last year of nozzles for diesel fuel injection systems and is confident enough of the future still to be considering a further investment in the region to make additional components for injection systems up to complete local manufacture. That would Involve additional investment -The company is now considernext stage of manufacture, which involves investment of that a combination of political

Why Lucas gave Korea

dustrial complex for engineering companies situated about hour's drive from Pusan. the major city on Korea's southern coast.

Only five years ago Changwon consisted of swampland and paddy fields, but there are now 70 factories on the site-most with licensing or technical cooperation agreements with foreign (mainly Japanese) com-Twenty are joint ventures between foreign and Korean shareholdars but only one-Lucas CAV Knrea-is foreign controlled.

The company's unique position arose partiy because nozzle manufacture is a high technology operation, and there quality production via licens-

is the Burada Group, a manufacturer of sewing machines which is headed by M. S. Hoog. a leading Korean industrialist.

#### Liberal

Lucas CAV's majority stake in the company was approved at a time when other international component mannfacturers, once restricted to licensing arrangements or minority interests in joint ventures. are being encouraged by the South Korean Govarnment to invest directly.

One of the reasons for this more liberal policy is the poor state in which the motor industry currently finds Itself-a factor which clearly strengthens bargaining power of potential investors.

But there is also a more posiaspect to the new policy. The Government bas found that minority-owned foreign subsidlaries bave often suffered from poor standards of quality and the usa of outdated equipment. The motor components busioess itself provides hort-term discomfort in favour examples of this. Korea's car of the more optimistic outlook: makers import several compo-experts predict that the region will, in the next few years, for export because the local products are of Inadequate design or quality.

So if the Lucas CAV investstrate to the Government the

a novel injection BY PHILIP BOWRING the sama time, though the effort with imported nozzleshefore starting local production.

Government is not about to pursue a completely open door policy towards foreign invastment, it may increase the con- problem. A separate marketing fidence of other foreign companies in joint vectures.

> To try to ensure the highest a consultant. standards of training for its key Korean employees, Lucas CAV market penetration is clearly essantial for Lucas CAV If it is undertook an unusual experito generate the cash flow to oumbers of expatriates to encourage the bigger commit-Changwon or disrupting its ment it would like to maka British production by trying to train Koreans within the UK through investment in filters plants, the company rented a and injectors for diesel injection systams and ultimately in factory closa to its main factory at Sudbury, Suffolk.

There it installed machinery eventually destined for Korea, and gave eight skilled workars six months of inteosive training with tha actual machines they would be using. Machinery and parsonnel were theo loaded into a plana and despatched to Korea.

The company says expariment went so wall that it output. Only one-fifth of the has renewed its lease on the sita is so far built on. temporary factory and is using it for a similar scheme to train Americans who will work at a plant making diesel micro injectors being built at Greenville, South Carolina.

In the Korean factory Lucas CAV has been finding that the performance of its workers bas exceedad expectations. Quality levels are now reported to he as bigh as anywhere and productivity is making steady

For Lucas CAV the Korean investment has meant a chance to get ioto a fast-growing nozzle replacement market which is currectly estimated at 1m units a year.

So far, bowever, sales are not as buoyant as was hoped. This is oot so much due to Korea's racessioo, which affects sales of new vehicles, but which should have only a mild short-term Impact on the replacement market. The problem seems to he a marketing one.

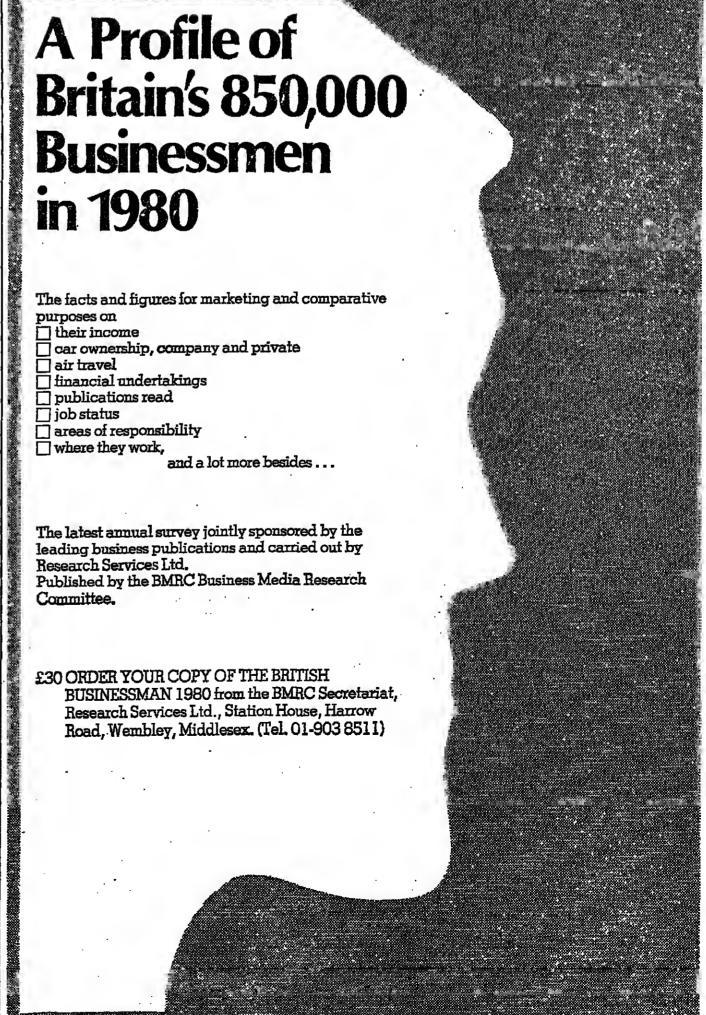
Lucas CAV is not yet a well known name in Korea and the

Japanese makers are fighting very hard to maintain their markets, despite a 30 per cent tariff barrier. In retrospect, Lucas CAV

the wider East and South East

Asian market. The time scales have lengthaoed but it is still only a matter of time before Koreao cars compete with Japanase in these markets. Korea may therefore represant an opportunity for Europeao East Asia without cutting into those markets which are already being supplied from their European, or other plants.

But Koreans are a tougb people who play for bigh stakes. They expect their partners to do the same. Lucas CAV is already enjoylog the fruits of But making money will he



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## **Exploiting our** research skills

BY DAVID FISHLOCK

NOTHING will catalyse the formation of a new company in an uncharted area of technology so dramatically as the prospect of a hig order. For example, the £1m to be spent by the Imperial Cancer Research Fund on obtaining a supply of highly purified interferon could in principle have been just the kind of order needed to get the National Enterprise Board's proposed new venture in biotechnology

In practice the money will go quite \_rightly—to the Wellcome Foundation, the one Britisb company which has stuck resolutely with the formidable problems of purifying interferon for the past two decades. If " genetic engineering. the techniques that the NEB's proposed hioventure aioss to exploit, should ever produce a new route to pure interferon. The liketihood is that this will be done within the existing drug industry. The commercial target in this case is very clearly deficed, even though the oredical case is not yet proveo

#### Exciting job

The NEB's central problem is how to write a convincing business plan for a company which aims to exploit some very new skills of scientists. The scientists have discovered that they can make gerjain substances with tremendous potential in diagnosing and healing disease. The stances. In this case the remit of the rescurch scientist-as take over the job of production.

The NEB is trying to put together a research-based comproduction by exploiting the new techniques and the skills of risk veoture. the researchers. But these skills and techniques are not to be found in one convenient pocket, the ideas behind the hovercraft to the commercial details or EMI-Scanners. They are scaltered throughout several British lahoratories, and may involve foreign laboratories too.

These laboratorles have difparent organisations. each with its own rules and constraints. The last thing a research organisation such as the Imperial Cancer Research Fund would wish to do is to jcopard- there may he no second chance.

Indicates programme in

BBC 1

Teonis. 4.18 Regional News for

4.45 The Record Breakers. 5.10 Joho Craven's Newsround. 5.15

5.55 Nationwide (London and

South-East only 1.

7.40 It Ain't Half Hot Mum.

6.20 Wimbledon Teonis

8.10 The Big Tlme.

5.40 News.

9.00 News.

ise its charity status, with all that means in tax concessions. hy embarking upon a commer

They also have different perceptions of which products might constitute winners commercially.

An important question Is where to locate the new com-pany. It probably needs to be near one or more of the seminal laboratories.

But ahould this he the one richest in Nobel prizes-or the one best disposed to come to its

Another question one must raise is whether the National Research Development Corporation should have a role. The l'overnment's scientific advisers believe that it should. Yet there is no sign al present that this long-established state agency for siding invention and innovation is participating in the discussions. This is odd, for the main source of earnings of the NRDC is biotechnology, through royalties from its suc cessful exploitation of an earlier Medical Research Council discovery of the cephalosporin antibiotic drugs.

#### **Impatience**

The scientists are understandably impatient to see something happening quickly in Britain, a linie when oew research based companies in hiotechdoctors want to try these sub- and elsewhere. But the British scientists themselves are showing no sign of shouldering any well as his predilection—is to responsibility, financial or get on with the very exciting otherwise, for the commercial jub of discovery and let others performance of the company. scientific eminence—should not he allowed to deflect the NEB pany to shoulder the task of from a thorough commercial appraisal of a necessarily high-

A "Parkinson's law" which seems to operate in hightechnology ventures says that as was the case for example with the amount of atteotion given ioversely proportional to the complexity of the technology. The technology of genetic engineering is undoubtedly complex. Perhaps the higgest risk for the hlo-venture is that, given the government's hasle faith in market forces and the pace of progress elsewhere, if the NEB should get it wrong first time

> 9.25 The Good Old Days. 10.15 The While Tribe Africa.

11.05 Barry Manilow in concert. 11.55 Weather/Regional News. All Regioos as BBC 1 except as follows: BBC Cymru/Wales—5.55 pm

11.55 am Tennis from Wimble-don. L30 pm How Do You Do? Join BBC 1 (Wimbledon). 11.55 1.45 News. L55 Wimbledon News and Weather for Wales. Scotland-9.55 am Noah aod England (except Londoo). 4.20 Nelly io Skylark. 10.00 Jacka-Play School (as BBC 2 11.00 am). nory. 10.15 Cheggers Plays 10.15 Cheggers Plays Pop. 10:35-10:55 Take Hart. 1:25-1:30 pm The Scottish News. 5:55-6:20 Reporting Scotland. 11:55 News and Weather for Scotland.

Northern Ireland-1.18-1.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern

England-5.55-6.20 pm Look

## Look for violas—they like the damp

YOU MAY recall that last week search. Three years ago, I match almost anything. I mentioned a plant which I hought one plant of the white. The flowers are large considered the best value for summer flower and length of season. It is not as familiar as thought, because many of you have written to ask for more

I had believed that the small viola was a widely-grown favourite, hut perhaps we know the large-flowered pansy these days and forget its parent among the wild forma unless we are particularly observant in Britiab gardens which are open to the public during the summer.

I was referring to the Pyrenean horned pansy, Viola cornuta. This does not sound very exciting in plant lists where it is surrounded by rich descriptions of ruby red pansies, hlues with black markings and apricots stained with orange. Who would hother with a single white flower or worse, a lavender mauve?

#### Two forms

When Roskin had the absurd idea of renaming all garden flowers with English names, he had to call these violas borned paneles .The very idea would put most people off There are two forms, one white the other or the gapa left hy early poppies lavender, and I think y u should and anchusas in the horder. use the next month to find a plant of them both. I would encourage you in the

flowered form. It flowers at a beight of six inches, but is covered with so many flowers that its mat of fresb green leaves ia invisible from late May until July. It then draws breath and starts to flower again in August. All the while, its leaves are spreading about a foot wide and you can dig small pleces and multiply your stock by cuttings which are already

From my one plant, I already have 50 or more and can split them as many times again. Their stems block out all weeds and sit prettily between almost any planting—old roses, campa-uulas, irises and so forth. They like the dampness of

my garden more than I do, so

perhapa they have been unusu-

ally vigorous. But I can now

count on an edging which will flower throughout the summer, match for any laborious bedding plants. The white form is such a fresh white, at its best in early evening when it stands out clearly beneath the dim chapes of old rose husbea and day lilies. The mauve variety is more vigorous and will train itself up into a mound which you can

nsefully pull over hlank spaces

Lavender mauve sounds a dreary colour, but in this viola

it is soft and clear and will

a violet hut not so large as a find a plant from a friend, or to order the seed and sow it in

and filled solely with the brighter forms of mixed pansy. They are known as brighter forms of mixed horned hecause of the shape of violettas. Perhaps they are their many seed pods after hetter suited to an old garden flowering. Now is the season to where they might seem in keeping with the twisted architecture, old brick walls and the July. It is small, firm and a series of enclosed gardens. I

#### GARDENS TODAY

BY ROBIN LANE FOX

hright red-brown and comes up cannot help remembering my like cress. The plants are entirely perennial. You may have noticed the fine amateur exhibit of violettas

hy a London gardener at the last two Chelsea Flower Shows. Viola comuta was an important parent of these smaller-flowered variations in their many mixtures of purple, yellow and mauve. The violettas have a growing fan club, though few of them number me among it. Their colours are too hizarre for their small flowers and the stema are too messy for my taste. I far prefer violets, but you might make something of an idea for a small hed of violettas only.

works in the superb garden Bt others, often including the good Manor House, Cranborne, Dor- King of the Blacks. Chantrey-

own plants of a variety called Martin, first named at Broadwell Nurseries, Moreton - in - Marsh Glos., where you can buy its seed and many descendants.

Its flowers are B splendid shade of deep purple, but they seed too freely over the banks on which I grow small alpines and I resent the time spent in removing the mass of seedlings left by this and other free-seeding violettas. I would accept the lovely apricot-yellow Chantreyland, the variety which is most worth encouraging. The seed should be sown now, so that the young plants will flower next year. Thompson iolettas only.

and Morgan of Ipswich will offer
Readers can see how this you seeds of this variety and

Arkwright Ruby is another old favourite, though I do not find its ruby-red colour very easy to pick up at a distance. violet-blue Magglo Mott, a plant which was common in Edwardian gardena but is far too seldom seen nowadays, is also worth rescuing. Like the others she is very long-flowering and will come easily from aced now if you never allow the seed box to dry out and do not bury the seed too deeply.

On the margins of this group and the plain cornuta there are two outstanding plants, long prized by councisseurs. Of the two, viola Haslemere is the osual smaller and the less colour a pale mauve which is the true shade, not the halfway colour which has brought the name into disrepute. Its amall flowers are like violet and appear continuously from May nntil October, marked by dark lines near their yellow centre. It is an easy plant so long as it does not sit in a beavy soll all winter. Good alpine nusseries usually sell it and you should buy one on sight. Its colour is like no other, the mauve known in any

The other is a large-flowered form of the lavender Cornuta, usually listed as the Huntercombe variety, either purple or violet. Its colour is deeper

set, where small heds have been land is a fine edging under and its capacity for flower The flowers are larger than patterned with low box edging white roses or the pale-blue unsurpassed. Some fifty year, a violet hut not so large as a and filled solely with the campanulas of early July. ago, this vigorous viola was a common suggestion for bedding schemes and rosebeds where ite clear-cut colour and long season were appreciated. Now you seldom see it outside gardens of the National Trust. one of the good things we have forgotten in the interests of new and brighter sorts of

#### Paler shades

Viola Huntercombe is at its best in a rich and damp soil as an edging or underplanting, especially under the pink and purple of old fashioned rosses. It makes a mat a foot wide and nine inches high and shares the family's ease of propagation There are other forms of similar habit in paler shades of hlue—Irish Blue, Blue Maidan and so forth—but I have nevarfound them so robust and

Like the other good violas this one falls between that pansy and the violet but flowers more freely than either. June and July are the months for sowing next year's crop, therefore a few plants, bought or begged now, will start off many hundreds more one of the best things in an easy summer garden and a gift which nowadays we tend to ignore.

## Staffordshire Knot for Carlisle

horse is capable of adding to

race lo a long while wben

beaten no more than three-and-

a-half lengths hy Trihal Warrior

in Redcar's Holsten Diat Pils

Handicap over seven furlongs.

A front-running horse better

suited by today's one mile trip

than the shorter distance of the

Redcar event. Staffordshire Knot can gain his fifth victory

Last time out,

races in existence other than outings this aeason do not "An the Lanark Bell which go hack inspire confidence, there is no the the Lanark Bell which go hack further than the Carlisle Bell, first run in 1599. This afternoon sees another running of the historic race which is now Staffordshire Knot ran his hest sponsored by those long-eatablished supporters of Northern and Scottish racing, the Glasgow-based Tennent Caledonian Brewery.

#### RACING

BY DOMINIC WIGAN

In what looks to be a wide open race for the mile handicap oo a course whose other well known prize is the Cumberland Plate, I take Staffordshire Knot to spriog a surprise. Although this five-year-old's

form figures of five zeroes and

East tNerwicht: Look North t Leeds. Newcastle 1: Lonk North-West (Manchester): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotligh) South-West (Plymouth).

#### BBC 2 to.20 am Gharhar.

11.00 Play School. 12.00 Wimbledon 'So. 7.50 pm One Hundred Great Paiotings.

8.00 Mid-evening News. 8.10 Mcvle Showcasc: In The Glass Booth," starring Maximilian Schell. 10.05 Wimhledon '80: Match of

11.00 Newsnight. 11.33 Open Door.

#### LONDON 9.30 am Paint Along With

Nancy. 10.00 The Best of Families. 10.50 The Nature of Things. 11.40 Animal Homes of Feathered Friends. 11.55 The Indersea Adventures of Captaio Nemo. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 Ahout Britain. 1.00 News. plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 After Julius. 3.45 Square One. 4.15 The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15 Father Dear

5.45 News. 6.00 Thames News. 6.35 Crossroads.

7.00 Don't Just Sit There. 7.30 Coronation Street. 8.00 Sounding Brass.
9.00 Survival Special.
10.00 News.
10.30 "The Love Ban," starring

Hywel Bennett, Nanette Newman and Milo O'Sbea. 12.15 am Ctose: Personal chnice with Andrew Cruickshank Atl 1BA Regions as London except al the following (imes:-

ANGLIA

10.59 sm Battle :or Caeine.

11.40 Msgillo Gorilla Cartoon. 12.30 pm
Ao Exceptional Child. 1.20 Anglis

1053kHz/285m 1089kHz/275m

2 909kHz/330m 2 88-91vhf stereo

RADIO 1

**Radio Wavelengths** 

3 1215kHz/247m

& 90-92.5vht stereo

200kHz/1500m

on the flat by taking advantage of the 13 lb he receives from the veteran of the party, Kithairon. There cao have been few better-bred fillies in action at Carlisle over the years than Mary Le Bow who runs in the Castle Maiden Fillles Stakes.

S.TS Barney Miller 6.00 About 10.30 TV Movie: "Marvet teles, Di Strange." 12.15 am

### ATV

A LV

10.50 am The Siziionary Aik. 11.1S
The Mockenzie Affair 12,30 pm Againsi
Ihs Wind 1,20 ATV Newsdosk 2,45
The Royal Show. 5.15 Row'a Your
Foliss? 6,00 ATV Today. including
Police Five. 10.30 ATV Newsdesk.
10.35 The Mid-week Film. "The
Rockening." slatning Nicot Williamson. BORDER

10.50 am The Jazz Serios. 11.15
Tochnofissh. 11.35 The Count of Monte
Cristo. 12.30 pm An Exceptional Child
1.20 Bordet News S.16 Survival 6.00
Looksround Wednesdoy. 10.30 A Welk
in the Lake District with Hunter Devies.
11.1S Tennenta Golden Allow Darts
Tournament 12.00 George Hamilton IV.
12.30 am Boder News Summery. CHANNEL

12.30 pm An Exceptional Child. 1.20 Clennel Lunchtime News, Whai's On Where, and Weather. S.1S Happy Oays. 6.00 Report et Six. 10.28 Channel Late News. 10.35 Feature Frim: "Lock Up Your Oaughters." 12.25 am News and Weather in French, Iollowad by Feilcour

#### GRAMPIAN

9.25 am First Thing. 10.50 The Jezz Serios. 11.15 Thunderbilds. 12.30 pm An Exceptional Child. 1.30 North Nows. S.1S Merk and Mindy. 6.00 North Tonight end Areo Weother Forc-cael. 10.30 Reflections. 10.35 WKRP in Cincinnsii, pert 1. 11.00 The Wednesdey Movie: "The Hand Ol Night," starring William Sylvester. 12.30 am North Headlines.

#### GRANADA

11.40 em The Beaules. 12.30 pm
An Exceptional Child. 1.20 Gionade
Reporte. 3.45 The Amazing World of
Kreskin. S.15 The Roll Harris Show,
6.00 Granada Reports. 6.30 This le
Your Right, with Lord Winstsnley.
10.30 Beat of Brirish: Hayley Mills In
"The Family Way"

HTV 10.50 am Sesame Street. 11.50
Pogaye 12.30 pm Against the Wind.
1.20 Report West Headlines. 6.15 Oick
Trasy. S.20 Crosorosds. 6.00 Report
Wost. 8.30 Octor Oown Under 10.30
"Winchester 73." attering Tom Tryon.

John Saxen, Den Ourysa and Joan HTV Cymru/Wales-As HTV Weet/ HTV General Sarvice except: 11.55 am-12.10 pm Fleisbalam, 1.20 Penewdau Newyddion Y Oydd, 1.25-1.30 Repert

ABC Redie London: 1458kHz, 206m & 94.9vhf

Capital Radie: 1548kHz, 194m & 95.8vhf

1151kHz, 261m & 97,3vhf

London Broadcasting:

#### THERE CAN he few if any flat a solitary placed effort from six This three-year-old is by the "Arc" winner, Levmoss, out of unbeaten two-year-old

doubt that the Welsb Pageant winner Great Paul. In ber only race to date Mary Le Bow ran a highly encouraging race at Catterick over this afternoou'a one-and-a-half-mile trip. It will he disappointing if she fails.

Half-an-hour after Mary Le Bow bids to greatly increase her paddock value, I feel more than hopeful that it will pay hackers to side with Paddie Wheel who has made the long trip from Pontypridd in mid-Glamorgan.

#### CARLISLE 3.30-Staffordshire Knot\*

4.00—High Old Time 4.30—Mary Le Bow 5.00—Paddle Wheel\*\*\* YARMOUTH

2.15-Show-A-Leg 3.15-Optimate 4.45-Prince of Sbeba

Wales Headlines 4.45-5.15 Ni A Nhw 6.00 Y Dydd 6.15-6.30 Report Wales, 10.30 Only in America 12.00-12.30 am George Hamilton IV.

#### SCOTTISH 10.50 am Cell It Mecareni. 11.10 Westside Medical. 12.30 pm An Excep-lional Child. 1.20 News and Road and

Meather. 2.45 The Royal Show. S.15
Popeya. 5.20 Crossroads. 6.00 Scotland Today Naws and Hi Summar
Extra. 6.30 Emmerdale Farm. 10.30
My Vision. 11.00 The Odd Couple.
11.30 Late Call. 11.35 Music at SOUTHERN

## 10.50 em Tandarra. 11.46 Larry the Lamb. 12.30 pm An Exceptional Child. 1.20 Southern News, 5.15 The Underset Advantures of Captein Nemo. 5.20 Crossroads 6.00 Day By Day. 6.35 Scene Mid-week (South-East Area only). 10.36 Police Story. TYNE TEES

9.20 am The Good Word, Iollewed by North-Eeal News. 12.30 pm An Exceptional Child. 1.20 North-Eest News. end Where the Jabs Are. 5.15 Leverna and Shirley. 6.00 North-Eest News. 6.02 Crossroads. 8.25 Nerthern Lite. 10.30 North-East News. 10.32 The Prime el Mias Jean Brodie. 11.30 Power Without Glery. 12.30 em People s

#### ULSTER

10.50 am The Jazz Seriae. 11.1S
Unsamed World. 11.40 Certoen Time.
1.20 pm Lunshtime. 4.13 Ulater News
Headlines. S.15 Cartoon Time. S.20
Crosaroods. 8.00 Ulster Television
News. 6.15 Want a Jeb? 6.20 The
Finitsiones. 10.29 Ulster Westher. 10.30 Fomily, 11.30 Gardening Today, 12.00 Bs dtlme.

## WESTWARD

WESTWARD

10.50 am The Jozz Sories. 11.15

Target the Impessible. 11.40 Latry the
Lemb in Toytown. 12.30 pm An
Exceptions! Child. 1.30 Weatward
News Heedlines. 5.12 Gus Honeybun's
Birthdays. e.15 Haopy Oays. 8.00
Wastward Oisry. 10.32 Weatward Lete
News. 10.38 Feature Film: "Lock Up
Your Osughters," \*starring Ian Bannan
and Christopher Plummer. 12.25 am
Fsith For Lile. 12.30 West Country
Weather and Shipping Foreces!

## YORKSHIRE

10.50 em The Count of Monte Criste.

11.10 Paths to the Future. 12.30 pm
Out of Yown. 1.20 Calendar News.
S.15 Bailey'a Bird. 5.00 Colonder
(Emloy Moer end Belment sdřilon).
10.30 "Twinky." starring Suaon
George. 12.15 em Preview.

COLISEUM. Credit cards. 240 5258.
Reservations 835 3161. NUREYEY
FESTIVAL Last Week. Until Set
HOMAGE TO BALANCHINE Le Bourpeoin
Gentilhomme. Who Cares, Rubles. Evs.
7.30. Mats. Sat. at 2. ULISEUM, L'régit Cards, 240 5256. Reservations BSS 3181, ENGLISH NATIONAL OPERA, 1860-91 season cesns July 31, 8kg; from July 7, Sub-scriptions Beg 01-236 2599. COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 536 5903). THE ROYAL BALLET. Tomor & Sat 7.30 GSCHE. Mon 7.30 Romeo and Juliel. MER ROYAL STEERA FOR SAU 17.50 NEW ROYAL STEERA FOR SAU 18.00 SII Peris Irom 10 an day of peri.

THEATRES

LEELPHI, CC S. 01-836 7511. Evas at 7.30. Set 4.00 and 7.45, Mass Thurs at 3.00. TONY BRITTON, LIZ RUBERTSON, PETER BAYLISS & ANNA MEAGLE IN THE WORLO'S GREATEST MUSICAL MY FAIR LAOY. DOOKING 01-336 733 or 01-379 6061. ALBERT, 5. From 9 am 01-836 3878, CC 379 6569, Group bkgs. 836 3962, Alr cond. Evs. 7.45, Mats. Thurs. 8 Sat. 4.0. OLIVERI CHILO HALP PRICE.

ALDWYCH, S. 836 5404, CC. 379 6233, 10-6, Sats. 10-6), Info 836 5352, Fully sir conditioned, ROYAL SHARES, Fully sir conditioned, ROYAL SHARES, COMPANY, Part 1, Today, Sat 2.0, Thur 7.0, Part 2, Today Fri. Sat 7.0, NICKOLAS NICKLEBY by Charles Okchens, RSC also at The Warehouse and Piccadilly Theatre. AMBASSADORS TH. 836 1171. Eves 8. Fr. 8 52 5.30 & 8.30 Sherol HAROLO FINTER THE HOTHOUSE.

TOM CONTI.

CAMBRIGGE 01-836 6050 Credit cards accepted 01-836 7040. Moa. to Fri. 8.00. Thurs. 3.00. Sat. 5.00 and 8.30. VOTED 8EST MUSICAL OF THE YEAR. IN 1590. Last Week. Mass: end Sat. July Sin. CHICAGO. ELIZABETH SEAL. JULY SIN. CHICAGO. ELIZABETH SEAL. JULY SIN. CHICAGO. ELIZABETH SEAL. JULY TOOLE TOOLE. COLIN SENNETT BROWN HEWELT. G. CYONS, MOPE JACKMAN. Studen Nurses. OAPS. SUNDOY E1 50.

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DUCHESS TH. CC. 01-836 8243, Grp. Gire. 379 6061, Eves. 8.00. Sazs. 5.30 & 8.30. Thurs. Mats. 3.90. MARIA AITKEN MICHAEL JAYSTON IN Noel Coward's PRIVATE LIVES. DURE OF YORK'S. CC. 835 \$122.
GLENOA JACKSON ROSE. A arw play
by Andrew Dsvies. Eves. 8.00. Mar.
Wed, 3.00 Sats, 5.00, Over 100 totally
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FORTUNE S. CC. 01-838 2238.
Eves. 7-30. Wed. 2-30. Sat. 4-00 and
B-00, IAMES AUBREY and PATRICK
MAGEE ia Marlowe's Masterpicce DR.
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GARRICK CC. 01-838 4881. Evgs. 8-00
(SISTE). F71 and Sat. 5-30 mb 8-30.
WILLIAM FRANKLYN IN DRAFT TABP.

GREENWICH THEATRE S. CC. 858 7755 Evenings 7.30, Mats. Sat. 2.30 JOHN BULL'S DTHER ISLAND by Bernard Shaw, LAST WEEK!

HAVMARKET, Theatre Royal, CC. 01-830
9832. Evgs. 7-45 Wed. 2.30. Sat. 4.30
9810. Evgs. 2.30. Sat. 4.30
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LAST WEEK! Eves 7.30, Sat. 5 A 5.15

TRAVELING NORTH by David Williamson. Csst includes Rosemary Leach & Peter Vaugnan.

B-12 July st 7.30, DEREK JACOB estord Byron in THE LUNATIC. THE LOVE & THE POST. 5. Sats 4.30 & 5. Edward Dutce in JEPUS TAKES.

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QUIVER lopen stage): Today 2.45 flow
gree mart 8 7.30 SISTERLY FEELINGS
new comedy by Alae Arcthoure (mat
TOOTCAS/Cantras eve "chance" perf.
TOTOS 71.55 (core early start) conefec.
LYTTELTON (promotion stage): Tom:

London Broadcasting 5.00 sm AM with Bob Holness and Bouglos Cameron. 10.00 Ariun Heyas. 12.00 LBC Roport s. 8.00 pm Jazz After Eighr—Korth Ho well. 9.00 Mike Olskin Nightline: Finencial Editor Douglos Melitit tsike about sredit eards. 12.00

Capital Kadio
6.00 am Graham Oens'a Bresklast
Show (S). 9.00 Michael Aspol (S).
12.00 Mike Allon (S). 1.00 pm London
Todey First Rapon (e). 1.10 Mike
Allen (continued). 3.00 Ropar-Scart
(S). 7.00 London Teday (S). 7.39
Adian Lova's Open Lime (S). 9.00
Charlis Gillert (S): 11.00 Tony Myatt's
Lste Show (S). 2.00 am Night
Figing (S).

Peris Irom 10 am day of pari.

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Until August 11. Sold Out—possible returns only. Tonight, Fri & Tues 5.30:
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1672. CC. 337 3656-7505. AMERICAN DANCE CO. Evgs.
7.30. Mat 5at 2.30. Tonight Torse 1.
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Evgs. 6.00. Mat. Thurs. and Sat. 3.00.
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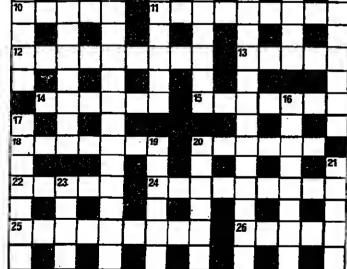
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F.T. CROSSWORD PUZZLE No. 4.312

tion (9)

- ACROSS 1 Resting place for puffers
- made plain in South America (61 Shoot young member of family (5) 10 Shoot 11 Somewhere to live in isola-

5 Plan lo return to dance step

you literally consumed (9)
13 Free for instance to back extended high pressure region (5) 14 No quantity of medicine is

13 Turn out in one of the races

- in knots (61 15 Jib at attempt to go by sea fisb (6)
  (7)
  20 Beer Pole gives bird (7) 18 Made public appearance in 21 Soldiers tipped up rubbisb prospect (7)
- 22 Model question (5) What drains the ground at Wembley helps call the tune
- carrying first woman of note 26 An enormous stop at sea (5) 27 Merchant supplying timber to the Oueen (6)

25 Half-nationalised transport

#### 28 Jumpers derailing Kew train DOWN

I Bill gets job of despatcher (6) 2 Divide what average church

left in the open (6, 3)

- 3 A PC is completely worthy of respect (5, 10) 4 Play on words (7)
- 7 Argue with piano guide (5) 6 Pose before cathedral with
- delayed by National Trust 16 Hate putting eccentric into a hcam .(91
- 19 Person taking 40 winks at



- fear be just as I would wisb (5, 2, 3, 5)
- Awaiting development long
- 17 Made up by calm (8)
- 20 Dog at from on hoard? 23 Sex-appeal doctor hrings to Gosh! 13-3) a dance (5)



6 A predatory female may I

on guide (6)

Radio 2. VHF Redios 1 and 2—5.00 em With Radio 2. 2.03 pm Ed Stewert's Request Shew (S), 4.03 Mush More Muos (S), 5.03 John Ounn (S), 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 em With Radio 2. Solution to Puzzle No. 4,311 RADIO 2
S.00 am News Summery. 5.03 Steve Jones (S). 7.32 Terry Wogen (S). 10.03 Jehn Timpson (S). 12.03 pm Onvid Nemitroa IS]. 2.03 Wrmbleden Tonnia. 7.00 Jehn Ounn (S) (reina VHF). 8.02 Listen to, the Sand (S). 8.45 Alan Oell weth Dance Bend Oaya. 8.15 Only a Rose. Anne Zieglet and Webster Booth recall the pest. 9.55 Sports Deak. 10.02 The Impressionata. 10.30 Hubert Greng says Thanks for the Memery. 11.02 Sirian Matthewwith Reund Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S). RADIO 2

nd the Music (S).

B.55 am Weether, 7.00 News 7.05 our Midweek Chaise, ourt 1 (S), 8.00

News. 8.05 Year Midweek Choise, pert 2 [5]. 9.00 News. 8.05 This Wook's Composer: Haydin (5). 10.00 Musis fer Organ (5). 10.45 Russian Wind Music [5]. 11.30 Yeang Romanian Vielinists [5]. 12.00 City of Birmyshom Sympheny Orshoausa, part 1 (5). 1.00 pm News. 1.05 City of Airminghom Sympheny Orshoausa, part 2 (5). 2.00 Musis Weekly (5). 2.50 Fifty Years of Airtish Music (5). 3.35 List's Faust Sympheny [5]. 4,55 News. 5.00 Meinly For Pleasure [5]. 7.00 Music Now. 7.45 BBC Symphony Orchestre. oert 1: Wolton. Beathoven (5). 8.35 Six Centinents. 8.55 88C Sympheny Orchestre. oert 1: Wolton. Beathoven (5). 9.45 Sciontifically Speaking. 10.30 Frank Martin. Maso on rocord [5]. 11.00 News. 11.06-11.15 8ash (5). [8] Stereophonic broadcast
# Medium Wave
5.00 am As Reose 2. 7.00 0ave Lee
Travis. 9.00 Simon Bates. 11.37 Peul
Burnatt. 2.00 pm Andy Peobles. 4.31
Peter Powell. 7.00 Radio 1 Molibas.
8.00 Bruno. 9.50 Newsbeat. 10.00
Jehn Peel (S). 12.00-S.00 am As
Radio 2. (S). 9.49 Scientifically Speaking. IN Frank Martin: Maso on record ( 11.00 Nawa. 11.05-11.15 Assh (S).

RADIO 4 6.00 am News Briefing 5.10 Forming Todey. 6.25 Shipping Folecest. 6.30 Todey, including 6.45 Prayer for the Day: 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.46 Thought for the Day, 8.35 Yesterdey in Perliament. 9.00 Naws. 9.05 Midweet with Russell Harty, 10.00 News. 10.02 Gardenets' Question Time. 10.30 Dally Service (S]. 10.45 Stery Time. 11.00 News. 11.05 Beker's Rozen (S]. 12.00 News. 12.02 pm Yeu and Yours. 12.27 Just a Minure (S). 12.65 Weather: pro-

pramme nawa. 1.00 The World at Ono. 1.40 The Archers. 1.55 Shrpping Ferecast. 2.00 News. 2.02 Weman's Heur. 3.00 News. 3.02 Listen With Mother. 3.15 Alterneon Theotre (S). 4.00 Choral Evensong (S). 4.45 Short Stery. S.00 PMI: News mogazine. S.50 Shipping Forecast. 6.56 Weother; programme news. 5.00 News. 2.30 My Mueic (S). 7.00 News. 7.05 The Archora 7.20 Checkpolnt. 7.45 Peraon to Person. 8.45 Analysio. 8.30 Keleidasope. 9.59 Weathor. 10.00 The Werld Tonight. 10.30 The Jeson Explanation of the Rody (8). 11.00 A 800k at 88dtme. 11.16 The Finsneis Werld Tonight. 11.30 Today in Participant. 12.00 Naws. BBC Radio London 5.00 am As Rebio 2, 5.30 Rush Hour.
10.03 The Robbie Vincent Telephone
Programme, 1,03 pm Lendon Live, 4,30
London Nawu Osak, 6,36 Look, Stop,
Lisren, 7,03 Block Lendonere, 2,00
Question Time from the House of
Commons, 9,00-5,00 um Join Radio 2.

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OLD VIC. 928 7615. June 3-21. STEP
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In between the showers by CHRIS DUNKLEY

#### THE ARTS

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## Merce Cunningham

by CLEMENT CRISP

It is an article of faith that serenely eloquent Locale, which of commercials) and towards the sound-tracks to Merce Cunia the heart of the programme. the close a noise, which sounds ningham's damage of the programme. ningham's dancea exist in This stage version of a film piece like a giant squid eating spagentire independence of the made last year is set for seven hetti, impela Cunningham to pieces they accompany. Yet men and seven women. They are slart putting nn a raincoat. The the wildly mangled—and rather divided into duets and trios, curtain falls. Cunningham's distracting Irish jigs that rattle sometimes according to the along beside Fielding Sires, a colour of leotard that they wear, brand-new creation that upened and after an opening ensemble Cunningham's one-week season on Monday night, seem to pro vide movement attitudes that colour the choreography. The mood is sprightly, mood is calm; there is a feeling

much on the bop as the disjecta membra of folk-tunes crowd the air. The ebullience of the dancers, their sometimes fidgety manner, appear a commentary on; and extension of, the cease in the evening. His first appear-less twittering of the score. The ance is in a solo, Tango, which effect is restless, certainly is a nicely anarchic tease. In virtuosic in the demands made white track-suit, armed with a on the company who are fine small hine towel. Conningham in this as in everything in the gives an impish display of what evening—but hardly vintage looks like geriatric dusting.

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Letters Home, which is based nn

New End

there come two septets—the rather than any larger effects. the second — before a finale reunites the entire company. The at moments from that of Ashton's Monotones. Locale is a joy to watch.

context of a larger piece, like the attusive and stimulating Roadrunners which ends the evening, I find it less convinc-ing. The muscular power and fully-stretched ease of his able: presence is on view twice dancers, here magnificently in a very dense choreographic text which in-sista on sharp and brilliant activity contrasted with sudden. frozen moments of quiet, seem to overwhelm the smaller range of Cunningham's own dance. But Roadrunners is splendid stuff: witty, ever questioning about the nature of movement,

it has a mysterious and unpre-

Letters Home by B. A. YOUNG

year. Tennis (especially men's doubles) is still better sniled to the shape of a televising screen than any other snort except snooker. In Test crickel there does seem to have This is a very flat account of heen one marginal technical the life of a much-admired poet, improvement this year: the speed with which the producers are ready to replay an incident In slow-motion is now such that it is surely only a matter of watching colleague in the pavilion.

Television

our screens all too often

as hackground to the over-

acting antics which are laid on

these days in place of football.

against a khaki—or even sand—

cotoured background by a cast

garish costumes which look in-

plgs' hladders, for varioua Con-

tinental pitches to he flooded

with six inches or so of water,

and for Eddie Waring 10 do the

commentary, televialna would have its all-time ideal series:

It's An Internotinnal Celebrity

Knncknut European Soccer Championship, Until they do we shall have

to he content with the pleasures

of Wimhledon tennis and Test

cricket: no small pleasures, but

ones that change little year by

dressed suitably enough

That pantnmime is enacted

For the viewer Test cricket still provides a uniquely lei-surely, rich and subtle television experience—strongly connected to yet distinct from the live sport-for anyone with all those daytime hours free

Just where the broadcasters imagine an audience for daytime cricket materialises from is unclear. What does seem clear is that inside television there is a common belief that the audience changes radically round about June. Suddenly the mixture of new (if hackneyed) sit-coms, fresh (if repetitive) light entertalnment, and original (If tedious) drama is replaced by a three-part flood of sport, repeats and documentaries. The good news ordinarily well done.

tionship between the police and faint with envy: comedlans using each scene (except a

It la that time of year when the public in Britain today. Any the television screen goes green and white and stays that way intentional since it seemed for hours on end, come rain heforchand to he a programme come shine. Admittedly the doomed on several couots: it shade of green changes subtly came late in the day after when it rains: instead of the umpteen other police iovestigations (by BBC1, World in deep grass-green of the Oval or the Centre Court we are treated Action, and The London Protn the lighter tarpaulin green gramme among others) and the record of Dimbleby Minimus of the Wimbledon covers. Both when given his head with docugrass and covers, however, provide a hrighter, healthier green mentaries in the past few years bas been somewhat off-putting. than the colour that we see on

I do not mean hy this his throughout the rest of the year infuriating habit of feeling for holes in the palm of his right hand when speaking to camera (instead of simply folding his arms or sticking one or two hands in his jacket pockets Prince Philip-styles, or his peculiarly stilted practice of aping the fast cutting of filmed sequences with a stream-of-consciousness commentary (as creasincly like the outfits of the old court jesters. If only the broadcasters could arrance for the "players" to be issued with in "Golf 4. The crime car. An emergency! Concentration adrenalin-speed."1 instead of counterpointing or complementing the pictures. I mean his much more offensive custom of making a meal out of his social conscience and then feeding it to the rest of us. Most unappetising.

However A Force to Reckon With proved to be an exemplary exercise in which the plough of television journalism worked over a dauntingly large field. turning up numerous nuggets of fact and opinion finally reveallocal variations, a clearer national pattern than any other police programme I can remember. Best of all, whereas television's firm habit is to pre- singars Vera Lynn and the late tend that the olough is un- Joyce Grenfell, joined theatrical manned, this two-part knights Rslph Richardson and programme did not make any secret about who was doing the steering.

Arthur

work for the Entertainments National Service Association

(ENSA, hence the cod title).

rally—which seemed familiar and poignant even though quite

storm of documentaries, made

in a third and again contrast-

ing style, was The Boys from

Horseferry Road, which sought

Yet another in ITV's electric-

dead and gone.

Dimhlchy's scepticism never overwhelmed the subject. The most doubtful aspects of policing were always communicated by the police nastiness of the London tuhe themselves. It is hard to helieve during the Blitz, of air-sickness that the Special Patrol Group would have stopped the boy of kissing the marble coldness carrying his wheel hack from the hicycle repair-shop if he had been white. It is hard to reject "Guinea Pig" airmen. Yet even the case for proper police for me, born during the war accountability after watching and conscious only of its echoes the fawning that can pass for control at a police authority meeting. It is impossible to justify the ludicrous practice. illustrated bere yet again, of the police investigating, and in most cases in effect judging, complaints against themselves,

Erery Night Something another in the Atrocious, remarkable summer deluge of ITV documentaries which will no doubt impress the IBA no end as they ponder the renewal is that this year many of the of ITV licences, could hardly documentaries have been extra- have contrasted more with Dimhlehy's police investigation to convey, without the benefit For instance the first of a yet it, too, was a most impression of a reporter, an impression of promised series of ITV "signed sive programme. In an undocumentaries" from Jonathan apologetically indulgent exer-student at Westminster Medical Dimbleby dealt remarkably lm eise in nostalgia, producer pressively with the complicated and delicate matter of the relamble by the complicated and delicate matter of the relamble by the complex of the relamble by the complex of the relamble by the complex of the complex of the relamble by the complex of the complex of

Eric Morecambe and Ernie Wise, who worked in ENSA Askey, Kenneth vivid hirth sequence which Wimbledon and Lord's, there Williams, Ernie Wise, Charlie seems to have been thrown in have been fewer original docu Chester and Spike Milligan, and out of habit) to contribute to mentaries, but some none the the kaleidoscopic effect. The less fascinating ones. No Mops programme portrayed a system On My Taps, for example, was -accurately enough, as anyone a highly satisfactory combina-John Gielgud, among others, to pool memories of their wartime

Not all the memories were Absolute uniformity of excelfond: there was talk about the lence would he impossible, of nastiness of the London tube course, and sure enough the first of another ITV series, 20th on the way to Scapa Flow, and Century Box, proved that you can he too clever hy ahout of transplanted skin on the three-quarters. A perfectly com cheek of one of Dr. McEndoe's petent and entirely conventional Guinea Pig " airmen. Yet even documentary concerning a couple of teenage hallroom dancing fanatics was reduced to via sucb memories as Vera absurdity by being transmitted Lynn's songs on the Light Programme, it evoked the feel in monochrome and overlald with a commentary hy some-body wiv one of vose fick of an age of common national Identity and unity of purpose-Lunnen accents wot keep makin yer wonder wot it is the proespecially in the nnashamed. Indeed necessary, nationalism ducer's tryin ter prove. of the astounding Albert Hall

tion of information, bistory and Drummond, who did an efficient and charming job fronting the puzzlement over this title, it

That the first was bought

bouncy, the dancers kept very of graceful ease not too different

Cunningham's own, irreplace-Cumningham. while a television set plays But Roadrumers is The more usual, and more whatever happens to be on offer stuff: witty, ever que gripping Cumningham style is (in this instance part of some about the nature of mo everywhere apparent in the courtroom drams, plus a couple food for eye and mind.

performance style is now some-thing constrained, offering a

dictable force. Placed in the deployed

bave to care about herself. Sometimes they divide and Sylvia Plath's work to care about sentences between one another-

"His lovely ..."
"Liquid ..."
"voice." her voluminous family correspondence. It contains no quotations from her poems, her Sometimes they both speak novel nr her own play, only together, different passages letters reconnting the jnys and spoken against one aunther, or sorrows of a young woman of the same passage spoken in tas we deduce from her own canon. Truth to tell, it seems to account of it) evident great me that Ms. Goldemberg is imagine it for ourselves, for the special words. extracts which Rose Leiman Sylvia Plath

monstrating it.

Ms. Goldemberg has orchestrequent experience of trying to and underwent the all too trated the letters for two voices, end a passing sense of inadeof which June Brown's mostly Anna Nygh's is that of the poet Ted Highes, had two babies

suffered house-keeping difficulties. Ted Hugbes, whose merit we most also accept from her description of it unless we happen to know it, left her, and ber domestic pressures weighed her down increasingly until she ultimately killed herself.

but this is what you will get alent. But we must either be trying to infuse some extra from Letters Home. The words familiar with that talent in interest into some not very are heautifully spoken by hoth imagine it for ourselves, for the special words. extracts which Rose Leiman Sylvia Plath bad an enjoyable and reserved as the elder time before the unoriers have colleges in Massachusetts, wide emotional tessitura as the watching collegue in the poet, ecstatic joy showing shoulder-to-shoulder with suicldal dissatisfaction or despair of which June Brown's mostly quacy with suicide. She got a Penny Cherns is the director, Di represents Aurelia Schober Fulbright scholarship to Cam-Plath, the poet's muther, and bridge, she met and married ground that reflects the pre

**Festival Hall** 

demonstrating it.

## Rakhmaninov

by RONALD CRICHTON-

a composer. ..

Such a feast as we had on Monday night from the Forest Philharmonic under Frank Shipway, with four eminent solists and three choruses, was in those days inthinkable. For one thing the Symphonic Dances for orchestra were only written in 1940; while *The Bells*, which dates from before the First World War, was virtually forgotten.

These two works framed the Paganini Rhapsody no Mooday in colourful, expert and enjoyable performances in which Frank Shipway and his excel-lectly trained, keenly respond cannot "ping" on that high sive nrchestra once again added entry like a Russian. John to puncture the he something distinctive to the run Shirley Quirk'a aable gloom handed approach of South Bank coocerts. was very fine. Such a vivid and ordinary pianists.

whip in the Rhapsidy; The Bells takes us into the domain of the voice of which the composer, though the fact was for long

obscured, was equally a master. The Bells was bravely sung in Russlan-Poe translated by Balmoo theo back-translated to fit the notes is no great loss. The choruses (Bulmershe Girls, Harlow NELP), sounding as Russian as British voices will in any language, sang with a

Of the soloists, Sheila Armstrong was sweetly passionate. Ryland Davies admirably flexi-

Rakhmaninov posthumously Except for a certain feeling sympathetic reading makes one Rakhmaninov posthumously reaps the rewards for the inter- of thematic reminiscence (the see why Rakhaminov himself war years of drudgery (at the "Dies irae" in two of the loved his "cboral symphony." yery top of the scale but works and a family likeness to drudgery still) as copeert that chant in the bel-motive of pianist. In those days, except the choral work Rakhmaninov to boil up too quickly to a for very few works disastrously stood the ooe-man test, well polyers are given a crack of the spectres haunting the Dances are given a crack of the spectres of style (Including an Dances are given a crack of the sense of style (Including an whip in the Rhapsidy; The Bells ability to stop Rakhmaninov's textures from going too plushy
—something to do one suspects with the sharp edge he allows accompaniment figures) gave much pleasure.

> Perhaps that valse des fleurs du mal that forms the second movement was a little too discootinuous, but it kept the attention firmly. In the Rhap-sody the soloist was Cherkassky, who put and kept the players on their toes. One facet of a dazzling performance was the way he contrived, while remaining utterly faithful to the composer, courteously but lethally to puncture the heavier, duller-handed approach of more

Australia House

## Petra String Quartet

This young quartet, resident pieces by three of their hesttat the Tasmanian Conaervaknown composers. Without cot at all challenging—a protorium, is assiduously loyal to first-band acquaintance with abstralian music, which now the national scene, one couldn't cautious, perhaps, rather than the considerable tradition. At know how representative of their processionally turned, cot at all challenging—a protorium, is assiduously loyal to the national scene, one couldn't cautious, perhaps, rather than the country of their processionally turned, cot at all challenging—a protorium, is assiduously loyal to the national scene, one couldn't cautious, perhaps, rather than the country of their processionally turned, cot at all challenging—a protorium to acquaintance with the cautious perhaps, rather than the country of t

Australia House on Monday current work their programme they offered—besides Haydn— was what we heard was com-

to display whatever new ground-breaking may be going

The Quartet's Haydn-op. 76 than a hiot of film music.

Kay used the Quartet as if it ing wistful echoes behind. DAYID MURRAY Mark Taper Forum, Los Angeles

### Division Street by FRANK LIPSIUS

year'a Academy Award-winning scenarist, Steve Tesicb, teamed up with Tony award-winning Mark Taper Forum for a production of Tesich's new play Division Street.

Teaich, who won the Oscar for bis screeoplay of Breoking young radicals from the 1960s for this play set in a contemporary Chicago tenement. After Chris, played with over-earnest eagerness by Tim Matheson, appears on newapaper front pages vomiting in a Chicago street, be is besieged by faces form the past, notably those of his ex-wife and a former political comrade. They intrude on a life already filled with a mecage that shares more than an etymological kinship to a

menagerie. His black landlady is camed Mrs. Bruchioski aod speaks with a Polisb accent, His flat ia overrun with milk-cartons and newspapers he doeso't want. A well-meaning young prostitute visits him because, as with the milk and papers, the previous tenant paid for a year's supply

track records. The system was Lord, and Chris's ex-wife the limitations of the value of applied to the theatre when this materialises with a pathetic, a track record, year's Academy Award-winning ignored solicitor who can't Even by Hollywood's exactions. even get people to watch him expose himself in public, Last hut not least plausible is a Serbian restaurateur who wants to kill Chris for ruining his

establishment's reputation.

The whole of the first act is taken up with the introduction of this motley assortment of mid-Western misfits. The second act is spent making predictable but unreasonable connections hetween the characters. The Serh becomes the father of the whore, who is the former wife of the former radical, elc. Evenis have the same, arhitrary implausibility. The cooffuence of these characters occurs because the photo of a young man vomiting in front of a Serhian restaurant makes the front pagea of newspapers across America. It was indeed a alow day on the news froot when this play was conceived.

Director Tom Moore compounda the play's faults by letting the characters exaggerare their eccentricities as though the playwright had not gone way too far on his own. Jokes

Like borse - handicappers, he ore his untimely death. The that are bardly funny to start Hollywood makes its multi-neighbourhood also has a trans-with, like a hlack lady named million dollar wagers hased sexual black police officer, Bruchinski last the length of largely on their human runners' exuberantly played by Justin the play, providing a lesson on

Even by Hollywood's exaggerated standards, the Mark Taper Forum has luxurious premises for an experimental theatre company. Its thrust-stage is boused in a large circular huilding that is one of three theatres in the imposing Music Centre complex. The Dorothy Chandler Pavilion is where a mnre direct lesson in track records is obtainable in a

revival of Gaus and Dolls. Considered among the best, if not the best, musical from America's post-war golden age of song, Guus ond Dolls marries Darnon Runyon's fast-talking, fast-betting Broadway charac ters to Frank Loesser's exuberant aongs and Ahe Burrows' wise-cracking dialogue. present revival stars Milton Berle, a hero of the early days of television who was intended to be the original Nathan Detroit when the show was first produced in 1950. Berle could not do the show then, but be is atill here to do it today as a spry if not so hustling oddsmaker at the age of 72.

Cy Feuer, who produced the original production, directs this one. He too shows signs of age, for the play just does not move. It seems to rest inert on an uniorlunalely wide stage, which gives no sense of depth to the poor characters who have to traipse across a long distance to get close to each other. Milton Berle, the consummate crowd-pleaser, has an un-fortunate habit of leaning toward the audience to deliver Abe Burrows' funny lines, as though they were the punch line of a joke. This slows the production down, and the Los Angeles Civic Light Opera company, whose home is the Dorothy Chandler Pavilion, does not share the glamour of the rest of this lown, judging by the varied acting capabilities attracted to perform bere. One would expect Loa Angeles to have the best on stage and screen, exchanging talents the way Broadway did with the fledgling movie industry when it was headquartered in New York. It ain't so.



everyone condescends to the

Over at the BBC, meanwhile,

—in which the consultant con-descends to the student and dimension of lap to "Dance everyone condescends to the Month." (And for Jobn whole season, but who expressed surely indicates the absence of choreography, or "maps".) And Jeffery Boswall's Animal Olympians was an engrossing exploration and catalogue of athletic feats in the animal world.

second-hand from America and the second laced together entirely, I suspect, from clips out of previous BBC programmes, is yet more proof of the growing contrast between ITV and BBC. While ITV companies strive to regaln their licences to make more money, the BBC strives to where they have had their work make its licence-money go furcut out showing us the rain at ther and further.

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#### BANQUE NATIONALE DE PARIS and INDONESIA

An important Iodonesian delegation of mora than 115 members, led by Dr. SUMARLIN, Minister of State and Vice-Chairman of the National Development Planning Agency (BAPPENAS) visited PARIS from May 31st to June 4th 1980

This delegation was composed of senior civil servants including General Directors of all Indonesian Technical Ministries and of about 100 industry and trade representatives from the principal indonesian companies. They were welcomed by M. G. LLEWELLYN, General Manager of BANQUE NATIONALE DE PARIS, for a two-day symposium to which internationally-minded French companies had been invited. The presence of M. MONCRY, French Economy Minister, gava additional significance to this machine.

During this symposium about 300 representatives of French companies were able to attend talks by Indonesian Administration, Trade and Industry representatives and to have very interesting private meetings with them. Moreover, during the seven working sessions, the French participants were able to exchange their views with their indonesian counterparts. They were also able to study their activities with Indonesian groups in order to set with their contestions with Indonesian groups in order to set with Indonesian groups in order to set with Indonesian groups. joint activities with Indonesian groups in order to set up joint activities with indonesian groups in order to set up new ventures in Indonesia and to benefit from the advantages offered by that country, which produces a vast range of raw materials (including a yearly output of about 100 million tonnes of oil).

By receiving this Iodonesian delegation and giving it the possibility to meet representatives of French companies, BNP, is following its policy of promoting international

It is hoped that French companies will benefit from the open-minded spirit of initiative shown by the Indonesian open-minded span of animacove shown by the indonesian authorities and private companies during their visit and to this purpose they will find every possible assistance from

no. 4—illustrated their warm, relaxed style at once: full, halanced tone (the first violin and the cello are ladies, which is ucusual and welcome), a persuasive manner, inclined to leave rbythms onder-pointed. Io Richard Meale'a Quartet co. 2, which one might guess to he an early work, there was little hite io elther nf the scherzos, wblch served chiefly to provide drier relief hetween mellifluous outer and middle movements. The ghost of between-the-wars British music was close at hand, and more

A similar post-Impressionist flavour marked Don Kay's new song cycle Quiet Woters, gracefully aung by Janice Chapman: five light, concise inventions on oddly disparate poems (tranalations from Ausonius by Helen Waddell, and mawkisb verses by Beth Parsons).

were simply a very small chamber orchestra; with the quirky economy of Peter Sculthorpe's Quartet oo. 8, we caught up with the quartet-medium as Bartok left it. Sections marked "con dolore." throbbing laments, alternate with tight, clacketty dances (the programme indicated five sections in all, but there seemed to be seven); the iostruments tap and whistle as if to conjure up exotic ceremonies. Scul-thorpe'a musical language ia sophisticatedly simple, aiming at immediate pungent effects. He does not overplay his band, and the Quartet leaves interest-



Anthony Holland and Andra Akers In Division Street

Financial Times Tuesday July 1 1980

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Wednesday July 2 1980

## The message to Moscow

Helmut Brezhnev-on and on arms control-has shown that the West is beginning to draw some lessons from the events of the past few months. In the immediate aftermath of the invasion of Afghanistan, Western consultations were inadequate, and differences, particularly between France, West Germany and the U.S., were publicly aired. Neither the U.S. nor continental Western Europe appeared to be hearing what the other was saying. The result was that Moscow received the impression that it could divide the West still further by offering blandishments of one kind or another to different Euro-

**Consultations** 

Now the position in the Western camp is beginning to settle down-following a series of Ministerial and summit meetings over the past two weeks. The differences are still The Americans would probably still have preferred Herr Schmidt not to go to Moscow. But at least he did so on the basis of the fullest possible consultations inside the Alliance and he did not deviate from the Western line worked out in those consultation when he got there, Indetd, he repeated it most clearly to President Brezhnev. It is to be boped that, in doing so, he may bave removed any impression that President Brezhnev may have gained from his Warsaw talks with President Giscard d'Estaing that the Western nations can be picked off one

France bas not, of course, bandoned its independent foreign and defence policies in the latest round of Western consultations. Indeed President Giscard d'Estaing has stressed them — by announcing the French neutron bomb test and by taking a slightly milder line than his partners on Afghanistan. Quite apart from genuine differences in French thinking on these matters, he is in a preelectoral period just as much as face the voters for almost a year.

to these differences inside the than just

Schmidt's the Warsaw Pact. The aim must be to keep the differences as far as possible inside the Alliance and not parade them in front of Moscow. That being so, the East-West dialogue can go on, especially in field of arms control, where both sides bave major security interests at

> If, as it would appear from Moscow yesterday, President Brezbnev is now moving towards accepting negotiations on long-range "theatre" nuclear missiles in Europe, then that is a sign that the Western approach is working. Moscow bas hitharto heen holding back from the negotiating table in the hope that Western divisions would make such negotiations unneces sary. There would be little point in the Russians offering limits on their own missiles so long as the Western plan to counter them with its own weapons looks

like falling through.
Last week's NATO meeting in Ankara showed a fair consensus io the Alliance over bow negotiations on security matters should proceed from now on, particularly through an early start to SALT III. There are some differences of emphasis over the approach to the Madrid meeting in the autumn to review the 1975 Helsinki Agreements. But the Ankara talks ended in a reasonable compromise between those like France which wants to play up the disarmament side of the Helsinki process, and those like the U.S., which want to use Madrid to baul the Soviet Union over the coals for its buman rights record and the invasion of Afgbanistan.

#### Finlandisation

But it is important that the resolution of Western dif-ferences should be more than simply presentational. Despite the unity sbown over the last two weeks, underlying tensions between Washington and its partners are bound to continue at a time when the U.S. is a weaker leader, and relatively weaker militarily, than it bas heen at almost any time since the last world war. The tempte-Herr Schmidt and President tion for European Governments Carter are, even if he does not to appease the Soviet Union, living as they do in its sbadow, What has conerged over the is likely to remain strong for last two weeks or so bas been a the better part of the coming new and more mature approach decade. Finlandisation is more caten. West it is recognised to a much offends the Finns. The West greater degree that Western will have to work hard to keep democracles have different up the achievements of the past interests, and different view- few days, and not relax its points. and that they are efforts every time an immediate entitled to them. NATO is not crisis appears to have passed.

## Loosening up the structure

THE NEW MEASURES on policy on mergers by placing Government, and the philosophy ment seeks to encourage change.

#### Three strands

which account for a lower than is the main objective equally of the proposal to permit companies to buy their own —and of the tax proposals to make it easier for large groups to sell off subsidiaries as independent entities.

A second strand, much emangled with the first, is an effort to eoable large companies with idle cash balances to use them creatively. Mr. Nott had some relatively kind things to say about conglomerate mergers, in an otherwise rightly sceptical review of British merger experience in the last two decades. Coupled with the provisioos for dc-merging, this attitude may encourage com-panies with suitable management talents to take on the kind of rescue role previously allotted to the National Enterprise Board. Managements with- depressed economy where assets out such ambitions may find in are going cheap; he must be the huy-in proposals an opporto remain. This practice would mergers-that free access for also, incidentally, discourage EEG competition will of itself predatory bids aimed at idle

the preservation of competitive

proposing mergers which would he likely to prove imacceptable. Such mergers would include both borizontal and vertical unions which would signifi-cantly restrict choice in either consumer or producer markets, and mergers—as well as busi-ness practices—which might discourage new entrants in any market. Foreign takeovers in either direction, on the other and, might actually enhance competition in his view.

As a philosophical approach to competitive markets, this seems admirable. Instead of new nostrums to replace yeslerday's cast-offs we have an approach designed to encourage flevibility and experiment and to ensure that the market no longer relies on the progressive growth of acquisitive companies to achieve results better sought by other means—eoabling sucssful entrepreneurs to eash in their rewards, and displacing uosuccessful ones from their management positions.

Two caveats, however, may oe in order. First, Mr. Nott may find himself forced into a more interventionist role than he might wish in a prepared to make vigorous use to distribute cash to of his powers if necessary, mose shareholders who may Secondly, he must regard with wish to seek new ventures, sharp suspicion the arguments while hoosting the equity which he is likely to hear in interest of those who prefer defence of proposed defensive protect the buyers. In some

## Why the CEGB is facing yet another inquiry

BY MARTIN DICKSON, Energy Correspondent

MONOPOLIES and sudden announcement by the Mergers Commission London headquarters of one of Britain's biggest and most important industrial organisations, with annual revenues running into billions of pounds. At the receiving end of the

Gommission's efficiency investi-gation will be the Central Electricity Generating Board, the third nationalised industry to be referred to it under the Government's new Competition Act. British Rail's South-East commuter service and the Severo-Trent Water Authority are also being checked.

At first sight it might appear surprising that the CEGB is so high on the list of nationalised industries to be probed by the Commission. After all, aspects of electricity pricing bave been examined twice in the past three years by the now defunct Price Gommission, and each time the CEGB emerged with its reputation unscathed.

The immediate trigger of the new investigation was the unexpectedly large rise in prices announced recently by the Electricity Council. Charges are to go up 10 per cent in August twice as much and two months earlier than had been expected, partly because of rising area board costs and partly in anticipation of large CEGB fuel cost rises.

The Government, keen to be seen to he combating inflation, referred the GEGB to the Monopolies Commission at the same time as the price increases were announced. But there is to it than just that. Government—and Mrs. Thatcher, the Prime Minister, In particular-seem to bave genuine doubts about the GEGB's efficiency.

Apart from any general suspicions about nationalised industries. the Government seems particularly concerned about the CEGS because it is a monopoly which does not have direct dealings with the public. The electricity supply industry in England and Wales is divided into two parts, with the CEGB providing wholesale supplies of electricity to the 12 area boards, which come under the umbrella of the Electricity Gouncil.

These latent suspicioos seem to have been fanned by a series of incidents involving the Covernment and the generating board earlier this year. The first was a speeco by Mr.

Glyn England, the CEGB chairman, who told staff in February financial outlook and spelt out wby. Mr. David Howell, the Energy Secretary, was furious. Mr. England's remarks seemed to smack of negotiating in public at a time when the electricity supply industry as a whole (the CEGB and the Electricity Council) was locked in delicate discussions with the Government over the raising of its 1979/80 external finance limit, the amount the industry may borrow in a given financial A second incident was the

industry of a dramatic drop in its medium-term forecast of electricity demand. to be 239.4 terawatt hours, 8 per cent lower than the industry's forecast last year and only 6 per cent more than consumption today.
Mrs. Thateber was not

The new figures— by the Electricity amused. Gouncil but announced by the CEGB-came only shortly after the Government bad committed itself to a major nuclear expansion programme. In the light of the new forecasts, Mrs. Thatcher asked the Gentral Policy Review Staff (Think Tank) to re-assess whether Britain needed to go ahaad with the two earliest nuclear stations, both advanced gas cooled reactor (AGR) plants. The Think Tank said the plants should go ahead.

But it was not only the Govroment which was annoyed by the sudden change of forecast.

The forecast was lower by 8 per cent. Mrs. Thatcher was not amused

Only two weeks earlier Mr. England had given a different set of figures to the Parliament-Select Gommittee on rgy. "We were furious." one member. "We could says one member. not believe that the organisation bad no inkling of what was coming-provided that it was doing a continuous review of its figures."

A further cause of Government concern is likely to have the CEGB's labour problems at the Isle of Grain power station, in Kent-reflecting the chronic delays and cost over-

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CEGB Costs

Adjusted for changes in the Retail Price Index

Average price of

fossil fuel per GJ

1968/9

\*GJ stands for gigajoules. One gigajoule equals 1,000bn joules

(units of energy)

Index of average earnings

ofemployees in UK \$

runs which bave afflicted large construction sites across the country, many of them involving power stations.

Against this background the

Monopolies Commission was instructed to look at the CEGB, a move which the board itself seems to accept quita bappily. The Commission's terms of reference bave baen set remarkably wide and it is questionable bnw much it can really get to grips with the CEGB giant in the six months allotted to it, although it can ask for a threemonth extension if necessary. It will bave to be selective in what it examines. Major avenues it may well explore

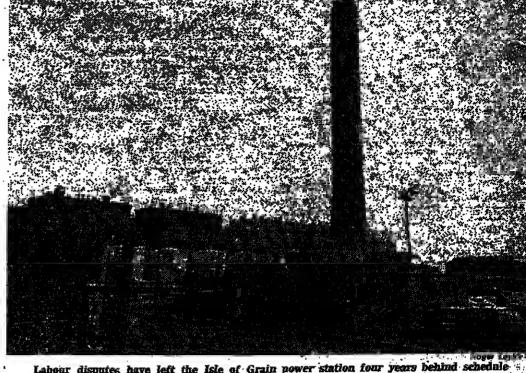
Prices: Electricity prices rose by 17 per cent in April and cent in August. Why are they increasing so quickly?

The basic answer is that the price of fuel, which accounts for about 60 per cent of the CEGB's costs, is rising fast and

the generating board has little or no control over it. A 3 per cent rise in the price of coal is estimated to add roughly 1 per cent to electricity prices. But there is a more compli-cated explanation for the present round of electricity price rises. The industry as a

whole reached agreement with the Government that it would put its prices up in two stages this year: by about the rate of inflation in April and by another small stage, probably 3-5 per cent, in October. In the event, the April increase of 17 per cent did not fully reflect inflation, which

meant area boards would bave to impose bigger increases later in the year. The second increase also bas to reflect the likelihood of a large rise in the price of coal next January. That will be necessary if area revenue to meet the 1930-81



Labour disputes have left the Isle of Grain power station four years behind schedule

external financing limit. After a debate on whether in go for bigher price rises later or lower ones earlier, the industry decided on 10 per cent in August.

Finance: The Government wants to discover bow stringent are the CEGB's financial controls, but there are many people in the electricity supply industry who believe that the Government's rigorous adberence to external finance limits may be a major source of inefficiency. With revenue approaching £8bn, trying to reach the target is akin tn landing a Jumbo jet on postage stamp," in the words of one observer.

The battle earlier this year was a case in point. It began when the industry found that it was going substantially to overshoot the 1979-80 cash limit set for it io June 1979-a net repayment to the Government of £68m.

The major reason for this was that the CEGB bad stocked up with very large amounts of fuel in advance of the winter, fearin advance of the winter, realing industrial action by miners and harsb weather. In the event, the miners did not strike and the weather was mild. The GEGB ended the year with £190m worth of fuel which bad not been allowed for at the time cash limits were set.

agreed to expand the cash and endemic labour disputes on limits by £300m (of which about some of its large industrial sites £250m will probably be mean that it is hard to tell just needed), but it did so very reluctantly. At one stage the Isle of Grain power station is Government even suggested a four years behind schedule and formula whereby the industry its estimated costs have risen would bave deferred payment from £209m to £556m. of some of its hills until the at this year's cash limit. The 1980/81 cash limit bas

1930/81 financial year (with the agreement of those who were owed money), a move than it needs to meet its so-which would have bitten away called "planned margin"—the

demanded such a register is

itself testimony to the bigh reputation of the English

Despite their legendary nine

lives, cats are, for actuarial pur-

poses, only human. In which case, argues the RSPCA, insur-

ance against ever-rising medical

bills is a useful precaution to

take. Accordingly, it is endors-

Glanvill Enthoven (Midlands)

to cover cats and dogs against medical fees, with "accidental

death and recovery costs" and

third-party claims up to £250,000

as optional extras.

The scheme is felicitously

the brochure somberly notes.

Similar schemes are already in operation, but the RSPCA

ing a scheme launched by

judiciary.

Dog's life

to cut planned expenditure of and replace it with cheaper the area boards and the CEGB more efficient new nuclear the area boards and the CEGB more by a total of about £100m. The stations. generating board, for its part, is bolding manpower constant, reducing maintenance work and also cutting items from its capital programme.

But with fuel accounting for

60 per cent of the CEGB's costs and capital charges for another 16 per cent, it is not easy for the board to pare back further. As it is, the CEGB evidently believes it bas done well to contain its costs since the 1973/74 oil price rise — as the graph from its annual report

Planning: Matching future electricity supply and demand is an extremely difficult task: it. can now take 10 years or even longer from a decision to build a power plant until commis-

Stocks of fuel rose but there was no strike and the winter was mild

sioning day. Establishing just how large demand will be 10 possible-and the CEGB seems no worse at it than anyone else. As if these difficulties were not enough, planning delays when plant will be ready. The

For much of the 1980s the CEGB is likely to have substantially more plant available 28 per cent excess capacity to cope with sudden contingencies. been set at £187m, which the However, this will allow it to

industry believes will force it phase out some elderly plant

In the 1990s the position will change completely, for a large part of the capacity commis sioned in the 1950s and 1960s will be coming to the end of its life. The CEGB reckons that between 30,000 and 40,000 MW of existing capacity will need to be retired by the year 2000. Replacements will be needed and more power stations will-be required to meet the demands of economic growth. The Government-approved plan to order a nuclear station a year during the 1980s is intended to pave the way for a substantially faster rate of ordering during the · 1990s.

The Monopolies Commission could become embroiled in a large number of other contentious issues, such as the CEGB's manning levels, its management of large construction sites and its internal flow of information. What no one is likely to question is the board's technical efficiency, an area where it is widely regarded as the best in the world.

It may well be that the Comyears bence is almost im mission will report that there is not rouch wrong with the CEGB—as the Price Commission has before it

But whatever conclusions it reaches, there seems at least one area where the board can munications with the Government. Many of the incidents of the past few months seem to have stemmed in part from misunderstandings or a failure to pass on Information. With a Conservative Government deeply suspicious of all nationalised industries, the first requirements for the CEGB would seem to be a degree of political foresight and good lines of communication.

companies introduced by the greater emphasis than ever on outlined in a thoughtful speech conditions-achieving some of by the Trade Secretary. Mr. the philosophy of the Liesner John Nott mark an interesting report of 1978 without adopting and potentially helpful approach the rather cumbersome two to market structure. The Govern- stage procedure there proposed. ment is not pursuing the full
Mr. Nott clearly bopes that
trust-busting policy which might
a more vigilant eye on competiseem a natural expression of its tion will not involve a trafficfree-market philosophy. Long jam at the Monopolies and experience in the U.S. suggests Mergers Commissium. His own that the head-on assault is statement of aims, coupled cumbersome, expensive and with the disillusion felt hy slow, and produces a small result shareholders at many past for all the noise and smoke mergers will, he bopes, disinvolved. Instead, the Govern- courage company boards from

There seem to be three strands to the Government's approach. The first is to encourage the formation of small companies, usual proportion of employment and output in this country. This shares—thus making it easier for their promoters to withdraw their stake without seeking a

## MEN AND

1958/9

#### Sharp dips into a new well

Images of Tweedledum and Tweedledee sprang instactly to resigned from Grand Metropolitan after 16 years, leaving his "other Stanley Grinstead, in charge and heir presumptive to Max-well Joseph. In the event, according to Sbarp. 49, refiections on Jack and Jill might have been more appropriate. " I did not want to carry on taking the same hucket to the same well for another 16 years," be told me yesterday, on the news that he is to take over the chair of Giltspur. the exhibitions-toupholstery conglomerate, from bis old boss, the same Maxwell

Joseph, now 70, aays be is easing off. Sbarp, on the other band, is husily building a new career, and offers are still arriving in gratifying numbers.
"I never felt those years at Grand Met had heen wasted. but I did sometimes think that they bad not been noticed," be said with admirable modesty.

While his reticeoce seems rather overcome, considering that in close harmony with fellow accountant Grinstead. Sharp helped build Grand Met from its property foundations to an all-embraciog multi-million pound group, I suspect he will he sparing with accep-tances of bids for bis time and

"I still have some other directorships, and I have one or two private toings which started in an embryonic way and are becoming more timeconsuming." he added crypti-cally. And theo there is the matter of Giltspur, where he has already spent many years on the hoard, and which in structure if not interests, closely re-week felt obliged to mention sembles the decentralised but that they held shares in two tightly-controlled Grand Met companies appearing before empire. growth on the formula he Robert Megarry, admitted a

three times as hig as Grand Met was when 1 joined it." be noted wills some satisfaction.

1963/4

#### Seeds of dissent

The anxiety apparently felt by the American people about the diminution of their nation's temoral power may be somewhat eased by recent Mexican protests suggesting that the "colossus of the north" has moved its political strategy into areas bitherto regarded as acts of God. The United States, claims the Mexican Meteorological Office, is racking its southern neighbour with droughts by "seeding" hurricanes as they bead across the ocean - the climatological equivalent of chucking a brick through the window.

acquaintance meteorology is slight, but, says my man on the windswept hill, seeding" is the cunning trick of introducing a substance such as silver salts into the burricane. This causes its moisture to precipitate out, the wind speed to slow and the calm "eye" of the storm to expand. The effect of such premature ditching of rainfall is drought, says Mexico, and it is claiming compensation from the U.S. The Americans, in a touching display of modesty, deny the whole thing.

#### On their honour

Is there, I wonder, a case for arguing that judges should have a register on which their interests are publicly declared? Members of Parliament who make the laws are bound by such an obligationnot the judges who administer those laws?

The thought struck me after two Hhigh Court judges this week felt ohliged to mention The prospects for them. The Vice-Chancellor, Sir Finally, Mr. Nott aims to give a slightly new start to existing profitable non-competitive rules. Indeed, be has something of a modest megarry, admitted a applied under Joseph, have modest holding in ICI, which clearly caught Sharp's eye. Was suing Berk Pharmacerticals.



Total costsper kWh

1978/9

1973/4

Berk's managing director bad agreed that be bad no objection to the judge's bearing the case. Meanwhile Mr. Justice Chapman disqualified bimself from trying a case involving Barclays, he-cause his own holding of the bank's shares. There is, of course, no sugges

tion that judges bave ever been anything but scrupulous in declaring such interests. I recall one who, some years ago, admitted with embarrassment that he had heen an agent for the insurance company appear-ing before him. Others declare from time to time that, before reaching the bench, they repre-sented as counsel companies in the case they are about to try. There would be practical probin compiling such a register. Is an interest necessarily a financial one, for example? Could a Conservative rightly resent appearing before a former leading light in the Sociaty of Labour Lawyers? Could a Trotskyite object to a judge with a Mosleyite record? The issue is, fortunstely, more interesting than it is pressing

The fact that nobady bas yet

named PAWS — Pet Animals Welfare Scheme. "A stitch in time saves canine and feline" is its proud boast — the stitch in his case amounting to a £12 sic premium for dogs, and fill for cats. Its appeal is pitched at the practical rather than sentimental punter: "Pets can 'go wrong' the aame as property, equipment and cars,"

> says it has chosen to endorse Glanvill's because it has worked with the company in the past, and believes the rates to be competitive. For Glanvill, it is something of a toe in the water. If successful, says director Leonard Keen, it may be extended to other arimals exceltended to other animals, such as nonies.
>
> Even that, he concedes, may leave an unsatisfied residue of anxious pet-lovers. "We bave bad some peculiar inquiries," be tells me, "including whether a parrot could be insured against losing its voice." Risks of that magnitude, he feels, are hest

#### Ties that bind

dealt with through Lloyd's.

Overheard in a Twickenham pub: "We can't afford a holiday this year, so we're going on an ill-will tour of our relations."

**Observer** 

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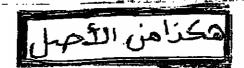
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## FINANCIAL TIMES SURVEY

Wednesday July 2 1980

## Dutch Capital Markets

The Government, the banks and the insurance companies are the dominant fund raisers in the Dutch capital markets while industrial borrowers hold back. Interest rates have been at record levels recently though a cut in bank rate last month signalled the end to a steady two-year climb in the cost of money.

## Mixed views on outlook

By Charles Batchelor

THE TONE of the Dutch capital markets in the past year has been set by a public sector with an apparently insatiable appetite for funds and an indus-trial sector with little stomach for investments. Interest rates have been at record levels and tha market for issues by the Government, the hanks and the insurance companies quiteactive. Industrial borrowers have been conspicuous by their absence and the performance of the stock exchange has been

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361

. The view taken by banking economists of the country's economy varies from the very. sombre, at one extreme, to a more broadly accepted middle ground view of qualified pessi-mism. The official commentators, from the Nederlandsche Bank to the Central Planning Office, stress the problems fac-

ang the economy. be put into some perspective however, by setting the Netherlands performance against that fact that half of the national of its European neighbours. It income is earned abroad." comes, well nut of this com-. The issue is not quite as

parison. Inflation in the Nether- clear cut as that. A Left-wing lands is low, wage costs have coalition is likely to put priority been restrained, it has no offi-on levelling off top incomes and

The coming months will see increasing political activity in the run-up to the general elec-tions scheduled for May. Only three of the Natherlands' 14 post-war governments have served their full term. The four-seat majority which the Centre Right coalition, led hy the Christian Democratic Prime Minister Mr. Dries Van Agt, bas in parliament makes it very vulnerable to a small number of dissenting MPs on its Left

The country's economic problems have absorbed much of its attention in recent months. A Cabinet split over the size of an emergency package of spending cuts led to the resignation of Mr. Frans Andriessen the Finance Minister, in February.

It must be said, though, that post-war Cabinets have not tended to stumble nver economic questions; an issue such as abortion law reform remains one of the jokers in the pack. Previous governments have fal-len on seemingly minor issues which have acted as a focus for other more deep-seated disagreements.

The Government did stumble though at the end of last month, over its refusal to ban nil shipments to South Africa: bot it narrowly survived a noconfidence motion.

No government can ignore the

been restrained, it has no offi-cial foreign debt, the currency maintaining the link hetween is strong and major government socal security payments and programmes aimed at reviving wages. If the present Centre-iadustry are getting under way. Right coalition continues in power it will probably step up its efforts to uncouple some parts of the highly-indexed wage welfare structure while maintaining as far as possible

income differentials. The close link forged by successive Dutch governments hetween the lncomes of those in and out of work was picked up hy the Organisation for Economic Co-operation and Development in its recent report on the Dutch economy. The attempt to realise a large number of social and economic aims simultaneously has led to disparaties or counter-productive elements in policy programmes," it commented.

The OECD forecast a 1 per cent growth rate for the Dutch conomy this year. This is at the top end of the range of nil growth.

#### Dependence

The repeated oil price rises depressed most of the Netherlands' foreign markets. West Germany which is the country's largest trade partner, has performed hetter than most some Dutch economists view its dependence on imported oil with growing alarm.

ffice, stress-the problems fac.

One banker sald: "In the Netherlands' foreign customers in the economy.

This gloomy nutlook needs to short term the shade of governing the large demand this year. These short-Stockhollding by many of the term factors have added to the gies and their applications.

#### KEY ECONOMIC STATISTICS (perceutage changes)

	1977	1978	1979	1980
Volome private consumption	5	3.5	2.5	0
Volume gross company investment	18		3	-2
Visible export volume	-1.5	3	9.5	1
Visible import volume	2.5	6 .	6.5	-2.5
Volume production by companies	3	2.5	2 to 2.5	1
Real national income	3_	2	0.5	<del></del> 0_
Cost of living (average family)	6.5	4	4 to 4.5	6
Wage costs per unit product .	4	3	2	3
Current account halance of payments (Fl hn)	2.3	-2.3	-4	-1
Unemployment (000)	204	206	210	225

Snurce: Central Planning Office-1980 Economic Plan

higher oil prices. The Nether- foresees a 1 per cent rise in lands is under-represented in volume though some hanking the capital goods industry and economists think growth will be strong in those sectors such as official and unofficial forecasts foodstuffs where the added-sumption levels are likely to which at their gloomiest foresee value element is small. High lead to a fall of about 2 per

These structural weaknesses

are now being tackled however. The Government has set aside nearly Fl 29hn (\$14.5bn) to finance industrial renewal over the next five years. More than Fl 22m will be spent on encouraging investment. A further Fi 4.5hn will go on solving the problems of industrial sectors in difficulties, replacing previous support given to individual "lame ducks." Another Fl 2bn will help the

lower, Stagnant domestic conwage and social security costs ceni in imports. A worsening of reduce Dutch competitiveness, the terms of trade means that the terms of trade means that no improvement in the overall

> (\$1,5hn) ln 1979, The visible trade position offers no comfort but the surplus on visibles is expected to rise from the Fl 650m figure last guilder. time. More people are taking holldays in their own country and the traditional deficit on foreign travel should be lower.

trade halance is expected. The

Dutch visible trade deficit on a

transaction basls was FI 3bn

The current account balance of payments deficit is expected term factors have added to the gies and their applications. to fall in 1980 after amounting imposition of strict controls, credit demand is not large. The given rostructural problems of Dutch In the short term little to record Fl 4bn or 1.5 per cent The Government has limited smaller banks bave felt the long per industry. The large petro-increase is expected in exports of national income on a trans-rises to a lump sum of Fl 26 a pinch though. Dr. Jelle Zijlstra, and the chemical sector is vulnerable to this year. The planning office action basis last year. The month and refused to allow the the Central Bank's governor, priority.

Central Planning Office expects private economists think this is too optimistic. Some forecast a

deficit of Fl 3hn or more. If deficits of this size are maintained they are likely to hecome a major problem for the authorities, restricting still further the Government's room for manoeuvre. One of the main reasons for the swing into deficit hetween 1977 and 1978 was the disappointing level of gas

If the country's energy balance moves into deficit in the 1980s without a strengtheoine of the industrial sector then major problems are fore-Inflation is one of the bright spots on the economic picture although it is rising. The planning office forecasts an increase of 6 per cent this year compared with 4.25 per cent in 1979. Once again though hanking economists feel the planning office bas fed overnptimistic assumptions into the computer. Their forecasts for inflation range up to 7 per cent.

The Dutch also have heen remarkably successful restraining wage costs in recent years, in contrast to the strong growth of the early 1970s. Dutch wage levels are still high but they are now rising more slowly than in other European countries, even allowing for the firmness of the guilder. The planning office expects labour costs per employee to rise by 6 to 6.5 per cent this year, an unchanged rate of increase on 1979.

Wage moderation has been guaranteed this year by the

usual summer adjustment of The unions have responded

hy agreeing two years' wage contracts with the employers which guarantee a resumption of price compensation next year. The Government is fairly satis-fied with the agreements that have been reached so far. The unions are not happy with the wage curhs though, and if the Government tries to prolong its wage control into 1981 a serious conflict could develop.

The Government will not be able to meet its target of reducing unemployment to 150,000 hy 1981. The jobless total is expected to rise by 15,000 to 225.000 this year. More than 5 per cent of the working population is out of a job.

#### Budget deficit

Efforts are now heing made to reduce state spending which threatens to push the hudget deficit to a record level this year. The Government recently cut FI 3bn off its spending programme and it is apparently considering cutting Fl 6bn off 1981 spending. The Central bas backed its fight agaiost inflation with controls on hank lending and until recently, curbs on the granting of consumer credits. The hanks are allowed to lend on long-term borrowings without restriction but the growth of lending funded by short-term horrowing has been limited to 7 per cent. The smaller banks have been allowed an extra percentage point of growth.

The larger banks say that the credit restriction has not affected their business since affected credit demand is not large. The given room for growth after a smaller banks bave felt the long period in which the state pinch though. Dr. Jelle Zijlstra, and the consumer were given

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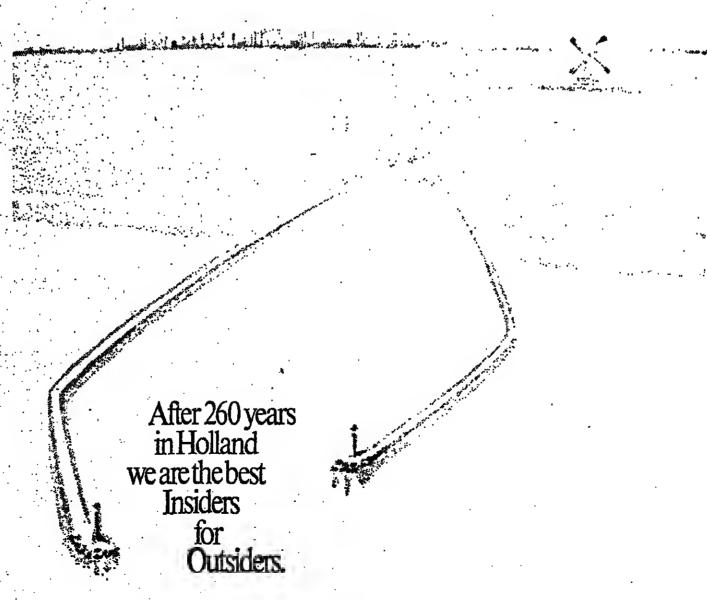
does not see his restrictions as reflecting a particularly tight monetary policy. Money supply has been allowed to grow at a faster rate than national income over the past two years. The curbs are intended though as a clear signal to the Government to reduce its financial deficit.

The need to keep the guilder in line with the Deutsche mark has meant that interest rates have been kept high in recent months though the relative strength of the Dutch currency allowed a 0.5 per cent cut in hank rate to 9.5 per cent on June 23.

The guilder bas maintained a stable midway position with the European monetary system in recent months. The authorities are determined that that is where it will stay.

The medium-term outlook for

the Dutch economy, harring upsets, is a resumption of slow growth. A hopeful sign is the growing consensus that the business sector should now be





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SOLVENCY REQUIREMENT LAID DOWN BY CENTRAL BANK

### DUTCH CAPITAL MARKETS II

General banks forced to lend longer

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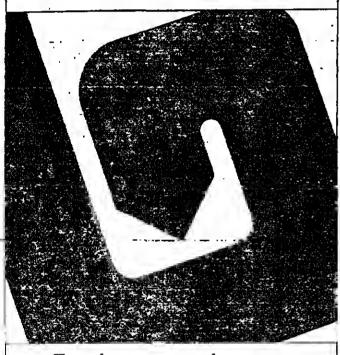
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Dutch imports around DfL 115.000 million.

Dutch exports around Dfl. 110,000 million.

banking system is the "general —a private sector bank which is becoming steadily more like a West German universal bank despite the fact that the character of the Dutch

financial system is more similar to that in the UK or the U.S. The 10 independent general banks account for 64 per cent of all bank assets in Holland. of all bank assets in Holland.
This group is dominated by the
"big three"—Amro Bank,
Algemene Bank Nederland
(ABN), and Nederlandsche
Middenstandsbank (NMB)—
which together hold 80 per cent
of the assets of the general

The fourth largest hank in Holland is the very different Rabo Bank—a co-operative of 1.000 agricultural credit lostitutions which has recently branced out into the business of non-agricultral lending and which is now developing its luternational side, too.

The financial system is Anglo-Saxon in character in that it features investing institutionsinsuraoce and pension funds— as major intermediaries in the flow of savings. According to the Interhank Research Organisation, the sbare of these institutions in the assets and liabilities of the Dutch nonhanking sector is, at around 40 per cent, higher in Holland than in most other industrialised countries.

#### Exceptional

With these iostitutions goes a tradition for investment in securities in Holland and a well-developed stock and bond

About 15 years ago, it was exceptional for a general bank to make medium- or long-term loans to industry; general hanks confined themselves to the same sort of sbort-term business as the British clearing

But, as in Britain, various forces have pushed the corporate sector increasingly hanks for innear-term funds. The greatest of these forces has been the \*he profitcresion of the man tate of the coulty and median-sized companies. whit, which together have . fiuance industrial companies a rarity wanduring the past decade. ' has have be

creasingly moved into the gap, and have been motivated to do moreover, by credit limits established by the Central Bank as a means of monetary control.

These encourage banks to fund themselves with long-term money and therefore to lead long-term as well. Thus, medium- and long-term assets have grown from around 18 per cent of the total assets of all general hanks in 1970 to about 25 per cent today.

The question in Holland now is whether Dutch banks should begin providing equity capital for companies — thus foroialis-ing what bave, io many cases, become an effectively indefinite commitment to supply credit.

The Central Bank, ABN and Aniro are all unenthusiastic about this idea for prudential reasons. But NMB, which specialises in banking for the small company, quite strongly advocates the change.

It sees equity finance as the logical development of the need for today's bank loan officers to understand the businesses to which they are lending. They might as wel monitor an equity involvement as a long-term loan involvement, the NMB argues. At the moment, a Dutch bank

is prohibited from having a permanent shareholding in another company of more than 5 per cent. NMB believes the emphasis of the rule should be reversed and that each bank should be alolwed to hold shares in any amount up to a certain proportion of its own sbareholders' funds—say, 10 per cent. NMB has the most striking

recent growth record of the blg general bansk. The rate of expansion of its halance sheet has never fallen below 20 per cent a year over the past five years. Last year its after-tax profits advanced 24 per cent. This was well up on that of Amro—8 per cent—and ABN, which barely increased its earnings at all. Moreover its earoings expressed as a percentage of shareholders' funds were 18 per cent last year compared with around 11 per cent for its two competitors.

medium-sized company to "4 "" " " reer "led as a com-""I'h niors than 100 commission.)

in line with the loog-

established tendency in Dutch banking for all banks to com-pete in all areas of the banking business, NMB is expanding resolutely into the business of dealing with larger companies while the other large general banks are intent on emulating NMB in making profitable loans to small companies.

As they do so, they may well find that the pressure upon them to provide equity finance increases. It is particularly smaller companies which generate the need for a hank to protect the value of its loan assets by sboring up a com-paoy's sbare capital. For it seems that the Dutch Investing institutions are not pulling their weight in providing equity finance directly to iodustry.

The investing iostitutions have become increasingly averse to equity. A typical fund will nowadays have only around 10 per cent of its funds in shares, preferring hond investment either through the public market or through the curiously-named "underhand loans," which are essentially private placements of long-term debt.

The big banks are conspicuous in making fairly frequent issues of equity and even more frequent issues of boods, supplemented with such private placement finance. They bave developed, rather curiously, into intermediaries between the Dutch investing institutions and industry to a greater extent than is the case in the UK.

Of the two, Amro currently

DEGREE TO WHICH BANKS

of general banks from "more

than 100 in the 1960s to only 20

banking subsidiaries overseas.

Amro is the leading retailer among the general banks in the

Netherlands with 845 branches,

though it is dwarfed by the

3,100 outlets of the Rabobank

ABN is notable for its large

independent units today.

ACHIEVE REQUIRED SOLVENCY WITHOUT SUBORDINATED DEBT

PERCENTAGE EXCESS ACHIEVED PROLUDING SUBORDINATED DEBT

#### Expanding

in the Dutch banking business which bas reduced the number

The other two of the blg three

banks are more alike in characproduces a marginally better return on shareholders' funds. ter. Both Amro and ABN were formed by mergers in 1964. Those mergers were part of a and total assets.

DEGREE TO WHICH OUTCH GENERAL BANKS EXCEED SOLVENCY REQUIREMENTS

Although the rate of earnings improvement of both slowed noticeably last year from that achieved regularly in the late 1970s, the profitability of the top three general banks has been well sustained across the decade, with the return on sharebolders funds rising from network of branches abroad and for its substantial investment in 10.5 per cent early in the decade to around 12 or 13 per cent today. Adjusted for inflation, of course, this performance is less reassuring.

> One peculiarity of both Amro and ABN is that they both have subsidiary general banks with well-established names whose

functions overlap to some ex tent those of their parents.

ABN owns Bank Mees en Hope, while Amro owns Pierson Heldring Pierson, both acquisi tions took place in 1975, and both reflected the need of these more specialized banks for deposits of a larger operation.

This, in turn, probably re-flected the rise of bank finance relative to that of security Snance in Holland. Amro adopts a strictly bands-off approach to Pierson, while ABN appears to bave some influence on the activities of Bank Mees en

Nicholas Colchester

## Foreign banks find tough competition

a popular centre for Standard long trading tradition and the holding in Barclays Kol and Co. large number of internationally-while National Westminster itself to be a very tough market to penetrate in competition with the large and sophisticated local banks.

After the early optimism of the past two decades, some of the foreign banks have been cutting hack on their operations and more are expected to do so shortly. While foreign hankers praise the flexibility of the Central Bank in responding to their needs, the Bank's curhs especially difficult for them.

In the early 1960s, four foreign banks were registered in the Netherlands compared with 114 independent domestic banks. These four accounted for only a few per cent of the market in terms of balancesheet totals.

But the picture changed radically over the next two Foreign banks now number 37, whereas domestic hanks have bee preduced to 20. largely through mergers. The market share of the foreign banks has risen to around 13 per cent, though their share of the domestic market is lower, at 7 per cent. Another nine foreign banks have a repre-sentative office in the Nother-

#### Diverse

American Japanese banks led the first wave of foreign entrants to the Dutch market, until the mid-1970s. Since then, the foreign hanking community has become institutions from Panama. Hong Kong, Canada, Brazil, Creece among the most recent arrivals, spurred by the prospect of Spain's EEC membership, and Banco Espanol en Hollanda and Banco de Vizcaya have now established a base in the Netherlands.

Foreign involvement in the Dutch banking scene goes back much further than the post-war period. Banque de Paris et des Pays Bas dates its involvement in the Netherlands from 1872; another French bank which considers Itself more Dutch than foreign is Banque de Suez Nederland, which was established under another name in 1929. Both of these banks are incorporated in the Nether-

The Americao presence is strong and includes Bank of America, Cltibank and Continental Illinois. U.S. banks are well represented, indirectly, through their holdings in Dutch Banks. J. P. Morgan Capital Corporation owns half of Bank Morgan Labouchere, while Chase Manhattan has nearly a third of Nederlandse Crediethank.

The British banks are also active through local hranches or holdings in Dutch institu-tions. Lloyds Bank International bas a Dutch branch, as do

NETHERLANDS has Barclays Bank International and a popular centre for Standard Chartered Bank, banks, thanks to its Barclays also has an 80 per cent companies operating owns 25 per cent of F. Van It has also shown Lanschot.

#### **Balancing factor**

"The large scale immigration of foreign banks bas provided 2 balancing factor in our finan-clal markets," Mr. H. J. Muller, a director of the Dutch Central Bank told foreign bankers carlier this year. "The Neder-landsche Bank (Central Bank) consistently pursues an 'opeo-door' policy visa-vis the establishment of foreign hanks." Licensing requirements for the foreigners are identical to

those for domestic banks though the foreign parent or head office must be "a bank of good reputa-tion." While foreign bankers accept that the Dutch regulatory authorities act fairly by equal treatment of foreign and domestic banks, hte different structure and character of the non-Dutch banks causes some problems. The Central Bank has gone some way to meeting these complaints but, as Mr. Muller pointed out, it is restricted by the requirements

of its own monetary policy.

Help has been given in three The foreign banks, with more limited access to long-term funds than their Dutch hit hy the credit curbs. These limit the growth of lending funded with short-term borrowings hut allow long-term horrowings to be passed on without restriction.

Banks individually have been allowed a 7 per cent increase in lending this year though the smaller banks, mostly the foreigns, bave been given extra leeway to bring the total rise in lending to 8 per cent. This additional volume amounts to an extra 12.5 per cent of the total but is, the Central Bank admits,

so many institutions.
The Central Bank also makes allowances in its solvency requirements. The requirements for so called "large items" and the individual lending limit of 25 per cent of a bank's own assets cannot be meaningfully applied to the capital invested ln a foreign branch. Ratios are therefore applied to the net worth of the home office. The liquidity requirements have also been cantiously eased in recognition of the hranch

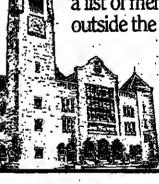
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Kar:

## Modern Central Bank prefers transparent supervision

TO THE ERITISH eyes the assets is expressed as a per- The NB rules regard interbank more than regulation via and the Finance Ministry. model of a modern European central bank. In contrast to the Bank of England's historic corridors it sports a bright, bland and modern office block In contrast to the Bank of since. England's close control by Government if has almost as much freedom of mandeuvre as the German Bundesbank In contrast to the Bank of England's traditionally informal and somewhat obscure style of hanking supervision, the Nederlandsche Bank prefers a transparent set of rules which it applies to banks without dis-

The Netherlands escaped major banking disasters in the mid-1970s, although the back wash of the Herstatt crisis did affect the smaller Dutch banks and there were some significant mergers of amall banks into larger, oues in 1975. But an earlier bank failure, that of the Texeira de Matos Bank, in 1957, had a similar effect in stimu-lating a new formulation of the central bank's role in supervising the Dutch credit system. The revised Act on banking supervi-sion came into force in January 1979; although much of the rethink which bad gone into it was applied hefore that date.

#### Deterrent

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The new Act gave the Nederlandsche Bank the power to enforce changes where pre-viously it could only advise them. Previously the Central Bank's ultimate deterrent was the public exposure of wrongdoing—useless in that this would probably provoke the crisis it was meant to avert-now the NB-can order a "secret manager" into any hank which fails to obey its regulatory

.The NB is charged with three, areas of supervision—pruden-tial control to keep Dutch hankstructural control, through which, jointly with the Finance Ministry, it controls the shape of the credit business in Holland; and monetary control,

Perhaps because the Central the City and they resemble the banking law has been so Bank of England's mooted recently revised the NB's approach to a remarkable approach to prudential control extent. is strikingly up to date. The NB has been applying solvency solidated balance sheets of each credit institution since 1977. The solvency rules lay down aminimum level of "own funds" against different types of asset. From these ratios, and depend-ing upon the structure of Dutch bank asset portfolios at any moment, the NB arrives at a "grand total" of the required capital to asset ratio; at that moment and an actual ratio revealed by the figures from the banks. The relationship between these two figures is then used by the NB as a public guide to the extent to which hanking in the Netherlands is remaining

centage of the required ratio, assets of less than one month interest rates. overall solveocy has deteriorated as fully liquid assets, but the since 1977. Solvency exclusive quid pro quo is that interbank of subordinated debt dipped liabilities — i.e., short term below the required level in 1975 funding in the money market and has never been above it -must be 100 per cent matched

The NB has tended to relax the general solvency ratios the Netherlands than there has were first collated in 1973, been in the City of London At that point the ratio of "own funds"—to risk-bearing assets small number of "wholesale was required to be 9.7 per cent. The actual ratio was then 11.9 per cent, of which 1.8 per cent was accounted for by subordinated debt. At the end of last year the required ratio was down to 7.5 per cent while the actual figure was 8.9 per cent, of which 2.4 per cent was attributable to subordinated debt. In fact, this required level of 7.5 per cent haa been maintained more or less unchanged since 1977. But despite fingerwagging from the NB, the schieved figure bas inched steadily downwards.

The forces pushing the figure down are discussed in the article on banking in the Netherlands. It is worth noting here that there are now arguments for moving the required cently that the liquidity guaranties appears. The solvency, lines were "consultative papers, not tablets of slone." The NR not tablets of slone." Government or to Dutch state concerns as risk-bearing assets. Both the first and the last of these are increasingly questionable assumptions.

More strikingly, the rules do not treat risks to sovereign governments abroad as riskbearing assets (though they do not exempt loans to foreign state enterprises), and this at a time when "country risk" is one of the main topics of any dehate about the safety of inter-national banking.

The NB's rules on the liqui-dity requirements for banks, which ensure that banks have sudden calls for repayment of loans and deposits extended to them, are particularly interesting to the British observer. where it is formally subservient. They have anticipated the conto the wishes of the Ministry of troversial "liquidity paper". Finance but in practice enjoys which the Bank of England a fair degree of independence.

#### Concordat

Liquidity rules have been in force in the Netherlands since 1977. Unlike the NB's solveocy measurement, these rules do not apply to the internationally con-solidated assets and liabilities of each hank but only to its domestic business. This is in line with the concordat between Central Banks agreed in Basle in 1975, whereby banking solvency-would be monitored via parent banks, while liquidity would be monitored by the host countries.

The NB's approach to liqui-dity control resembles that of the Bank of England in that liquid assets must be held prudent.

against the net liabilities in something of an apostle of
In recent years the NB has various categories and maturities—that is, after matching satisfaction from the fact that tion in the fact that, by this assets and liabilities have been the U.S. anthorities resorted measure of safety, banking in cancelled out. Like the Bank of the Netherlands is deteriorating. England, the NB pays partitive graph shows how, when the cular attention to interbank in the NB'a 1979 annual report actual ratio of own funds to liabilities of short maturity.

hy liquidity. The fact that there has been its rules over the period since less of an outcry about this in operating in Amsterdam relative to the number in freedom to grow. the City.

> Yet the foreign banks operating in Holland do feel the liquidity pinch and the NB's response to their apecial pleading has been characteristically logical. To the extent that they fall sbort of the required amount of liquidity, the foreigners can present docustandhy facilities granted by their parent banks the NB this concession enables foreign banks to remain pri dent without eroding their competitive position in the Netberlands.

> banks in London, the Bank of England's Governor said reof its rules. "Our rule-book is a loose-leaf folder," one NB official says, implying that the pages may be replaced from time to time but that so long as they are in place their contents are binding. Yet the fact that today's solvency and liquidity directives are sented in an admirably clear slim volume dated March 1977 suggests that the leaves have been none too loose since the Banking Act took its final form

control the NB is notable in two respects. First, there is less addiction to targets of monetary growth than is now fashionable in most Western economies. The NB's monetary aim focusses on the liquidity ratio — the supply of liquidity in Holland expressed as a percentage of nominal national income, where liquidity the aggregate of short term claims by Dutch residents on the state, the Central Bank and

At the end of 1979 the liqui-dity ratio was 36.6 per cent of net national income and the Central Bank has this year committed itself to mild mone-tary "tightness." by alming to reduce this ratio by four per cent in the medium term. A fall of about one per cent has already been achieved.

The second interesting aspect of the NB's approach to mone-tary control is the emphasis which it now lays upon credit cellings as a supplement to the traditional measures of Central Bank intervention and mone tary influence.

Credit ceilings were eintrodnced in Holland in 1977 and have heen sustained since. Indeed, the president of the NB, Dr. Zijlstra, haa become

credil expansion in 1980 of 8 per ceot, 1 per cent lower than in 1979. Individual institrations of banking powertutions are limited to expansion of 7 per cent (except that portion of credits financed with funds of more thon two years' the Netherlands than there has maturity which are deemed not to expand credit). The headroom is used for the benefit of the smaller and foreign banks to give them a little more

It is logical that a country with open borders must bolster a policy of credit rationing with one of exchange controls. Dutch exchange controls prevent nonbanks from getting round credit restraint by borrowing substantially abroad. Recently these rules have been relaxed because Holland is now trying to promote a decree of capital inflow rather than deter it as in the early 1970s. The main changes funding abroad by Dutch nonsoothe the feelings of banks, and to allow banks anyway restraint) to fund themselves at home or abroad as they choose. Previously, "out-lo-out" business was quite rigorously separated from domestic bank-

ing business. Finally there is the matter of Govrenment structural control, The most important rule here is that no banking iostitution may acquire more than a 5 per cent equity the investing Institutions. holding in another business without the consect of the NB

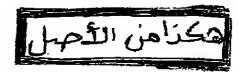
Over the question of Dulch banks buying other banks, the NB can use this consent to control the build-up of coocen-

though it is fair to note that the concentration of the Dutch banking business has proceeded apace over the past 15 years. Discussion for the moment centres on the question-also discussed elsewhere in this universal banks should be able

to provide equity finance to their corporate customers. The NB, already worried about the solvency position of Dutch banks, is disinclined to take a liberal view bere. It poiots out that the trend in West Germany is in precisely the opposite direction—to get banks to reduce their shareholdings in an effort to reduce concentration of cconomic power, and for prudential reasons

The NR stresses that temporary equity participations are in order and il encourages banks to form and take shares in participation companies something like the ICFC in the (whose domestic lending is con- investing institutions, in order to provide a longer-term equity commitment. The NB is disappointed so far at the expanfinance and there are those within the Dutch Central Bank who believe that the Dutch France and Germany in providing incentives for sharehuying by the public and by

Nicholas Colchester



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## Foreign banks

home offices or parent companies as liquid assets. The managers of a number of

Netherlands as a very tough market. Penetrating the domestic credit market is very difficult, particularly when you 8 per cent of a small number is don't have captive clients," said small. The big banks are going Mr. Rudi Kerkhoven, local to get bigger while the smaller manager of the Hongkong and ones are just getting squeezed." Shanghai Banking Corporation. The position of the big four say they are making profits,

Bank Nederland, Centrale Rabo- are marginally profitable," said David Harrison, manager of hank and Nederlandsche Mid- one. "As long as we don't lose Lloyds, reported oog co-operadenstandshank—is very strong, substantially we will stay."

Tariff levels applied by the Another commented: "We are large banks are meant to be committed to stay but it is very minimum levels hut they have become the market level return."

Economies of scale make that free structure attractive to a large Dutch bank hut not to the foreign hanks," one foreign banker commented.

"Holland Is a small country with a relatively small market, well-banked hy experienced wen-oanked by experienced and highly qualified local banks," said Mr. Dan T. Atkins, the local manager for Bank of

The foreign hanks' problems have heen compounded by the Central Bank's credit curbs as costs continue to rise inexor-

all the foreign bankers are pleased with the way it has been distributed. One said: "We foreign - owned hanks are have been treated generously local office altogether, unanimous in describing the but I know most of my Bank of Montreel but I know most of my colleagues don't agree." And another: "Eight per cent of a shut their local branch and big number is a hig number: representative office respec-

While most foreign bankers Dutch banks — Amsterdam returns on both assets and Rotterdam Bank, Algemene equity are unsatisfactory." We

#### Flexibility

Foreign bankers feel very strongly that they are not adequately represented in dealing with the Central Bank. They have no formal representation on the Dutch Bankers' Association, which means their views do not get through. The Central Bank is sympathetic to their case but expects the foreign hanks to work through The Bankers' Association.

Tough competition, high wage

offices' dependence to a large ably.

degree nn money market funds. The extra 1 per cent allowed curbs and operational costs, the credit curbs and the sluggish economy, accepts, on certain conditions. Central Bank some flexibility have taken their toll of the written stand-by facilities from in applying the curbs but not foreign banking community in the past year or so. Five hanks have cut back their operations and two have shut down their Bank of Montreal and First

National Bank of Chicago have tively. Continental Illinois and Citibank reduced the number or scope of their offices. Lloyds Bank has shut down its securities operations While Bank of Montreal got

into a fight with the unions over the lay-offs involved, Mr. tion in the redundancy negotiations. All of the Lloyds' staff affected have found other jobs and the "worst guess" made about the cost of the operation did not materialise. Some of the other foreign

banks are looking hard at their operations too. Bank of America bas begun a study of how to reduce the cost of its two full service branches in Amsterdam and Rotterdam. Other hanks, while not planning to cut hack, are resigning themselves to marking time. The golden age for foreign hanks in the Netherlanda is over, for the time

Charles Batchelor

## Companies' cash problems mount

IN THE Netherlands, as elsewhere, raising capital has become a major headacha for many companies. If the business climate improves, the problem may become even more pressing as funding needs increase to meet expanding investment programmes.

Companies have hecnnie trapped in a descending spiral, as profitability has heen eroded, financial strength has been sapped. Shares have performed hadly on the stock exchange, pushing prires way below intrinsic share values.

With share issues unattractive to all but a select few com-panies, the majority bave turned to more expensive forms of borrowing, thus accumulat-ing interest charges which bring further pressure on their profits.

Industry's financial problems have been compounded by high rates of interest on the capital markets. These are the result of high levels of government borrowing and the need to maintaio the position of the guilder within the European Monetary System by means of interest rate policies. Tax laws which give more generous treatment to companies which horrow than those which raise new equity bave also belped distort the picture.

Sharebolders' equity accounted for 35 per cent of the capital of publicly-quoted Dutch companies in 1970, By 1978, it had fallen to 24 per rent, with long-term borrowed funds accounting for 21 per rent and short-term

borrowings for 55 per cent.
The position of Dutch multinatinnal companies such as Pbilips, Unilever, AKZO, and Royal Dutch Shell also weakened though they were better placed than most. Thair redress the damage. "Comshareholders' equity fell from panies can only be encouraged 46 per cent of assets to 35 per back to the capital markets by cent over the eight-year period. The decline of the equity hase of most companies makes borrowing from other sources

more difficult and expensive.

While many hankers and

feel that the

critical point has been reached, sector."

others are less gloomy. They point to Japan, where companies have only a small proportion of their assets in the form of equity. Much depends on the hanking system in which com-panies operate," said one bank-ing economist. "The decline of equity-to-borrowing ratios is not

Dutch hanks are not allowed to take large industrial holdings, as do their counterparts in West Germany. Dutch institutions are allowed permanent shares of only 5 per cent in non-banks. though the Central Bank plans to hold talks with the commercial banks later this month which may lead to an easing of this requirement.

#### Cosmetic

Many bankers view increased direct involvement in the risks of industry with concern. "Banks can hardly fund an increase in a company's sbare capital and then, on the basis of that, lend more money," one banker said. "Increasing the stake that banks can take in a company is a cosmetic opera-tion. In the end it is all the bank's money. You are only fooling yourself."

Banks also fear criticism that they are huilding up too much if they take shares in industry. Many feel they have already heen forced into over-extending themselves in industrial lend-ing. "The private investor, and then the institutions, did not want to invest in industry," said one. "We bave been forced into funding industry. This has increased our halance sbeets, but our risks bave risen too."

There is a consensus among bankers and businessmen that back to the capital markets by considered and sustained government policies aimed at improving company profits," a banker said. "In the past, when it came to distributing national wealth, governments favoured

Bank, which administers this fscility, had Fl 457m (£100.72m) on loan to 74 companies at the end of 1979. These loans may only be made to sound, wellmanaged companies offering prospects of continuing returns

company's equity capital since they are covered by a govern-ment guarantee. On the other band, they are merely a sub-stitute for the real thing — equity capital raised on a healthy stock market.

The sharp end of industry's risk capital needs are met by the Netberlands Participation Company (NPM). The NPM was set up immediately after the Second World War and is owned by a large number of banks, insurance companies and pension funds. It has provided Fl 266m to 233 companies, and last year invested Fl 24m in

The Central Bank recently called for the banks to establish more companies providing risk capital as a safer alternative to direct holdings in companies. Some hankers believe greater competition among banks would increase the flow of such funds to industry.

"If all the banks are shareholders in one company, the element of competition and agressiveness is missing." said "We need several companies, each with only one or erbaps a few banks as well as institutional investors. The Government should not be involved to a great extent, though it might agree to meet a share of any losses.

are affected most accutely hy capital shortage, the blg concerns are not without their Two large companies, AKZO and Philips, illustrate the difficulties, AKZO, the chemi-

While the smaller companies

One government initiative cals group, is now recovering which has provided extra funds to industry in recent years bas been the subordinated loan.

The National Investment cals group, is now recovering from tha plunge into losses caused by its fibres division.

Accumulated net losses of F1 759m in the 1975-77 period and the four-year suspension of its dividend clearly affected the are specific projects which way investors viewed the form part of the core business

'Until we have trimmed our special financing such as re activities to the optimum subordinated loans, or subfibre activities to the optimum size our results will remain somewhat volatile," said Dr. A major point in their favour Henk Kruisinga, the AKZO is that they count towards a managing board member, responsible for financial affairs.

> "We were seen as a company with stable prafit growth. We are now in another division as far as raising capital is con-cerned. We appeal to a diffarent investing public and to a smaller circle of investors. This is reflected in tha price of our currently bas reserves of about shares."

But even when AKZO was at its lowest point it retained the confidence of its craditors. The point was never reachad where they stopped heing willing to lend," sald Dr. Kruisinga. "The problem is to stop people from lending to

Tha stock market is as closed to AKZO for new share issues as for most other companies. AKZO pnts the intrinsic value of Fl 20 nominal shares at Fl 75. They are trading at around a third of that level. Meanwhile, pressure on profits and the company's losses reduced the level of retained earnings.

#### Shortened

This has increased the company's recourse to the capital market, though conditions hare Whereas industrial hond issues were commonly made with 15-year maturities in the 1950s, hy the start of the 1980s they bad fallen to seven years. Tha refinancing cycle is shortened, line has grown longer," and now loans are required, Zantman said. usually at higher rates of

Exceptions to of the company and for which

sidies, are svailable. AKZO aims to borrow at the longest possible maturities. The company's goal is to malntain a stratagic reserve of funds to finance new projects or meet suddan increases in working capital need. It working capital need.

● It intends to maintain good access to the International capital market. The limited size of the Dutch market, and high rates of interest, mean much borrowing ls done abroad. Group companies abroad borrow locally as much as possible to reduce foreign exchange risks.

Ind! FE

AKZO's financial ratios bave come under pressure. The company sees the most important ratio as profits to interest debt. Profit is now two to 21 times Interest compared to five-toone in more favourable times. Philips, the electrical group,

claims a high degree of success in maintaining sound capital ratios. Sbarebolders' equity bas been a steady 35 to 40 per cent of total capital over the past decade, said Mr. Jan Zantman, tha company's new financial

The stock exchange has been just as effectively closed to Philips for new share issues, though, and no substantial share placement has been made for nearly 20 years.

Phillps makes tha optimum use of its role as collector of taxes and social security premiums." As payments to government and semi-government agencles bave gone up, the pipe

"In the past, suppliers were our main creditors. Now you Dr. Kruisinga bas four major also bave the Government,

borrowing must not collect all sorts of taxes."

Retained profits play a major part in the company's funding, as do reserves built up accord-ing to the current cost accounting methods it applies. Retained profits account for Fi 6.1bn of Philips's FI 11.6hn worth of shareholders' equity. The "re-valuation surplus" produced by valuing its assets at replacement cost totals Fl 3.5bn, while ordinary share capital is only

Fl 1.7bn. Some analysts take a company's liquidity as a measure of its financial strength, but Philips aims to keep liquid assets to a

"High liquidity is not a sign of success. Mr. Zantman said, "Wa arein business to put money into fixed assets and not build up larga sums of cash." Cash amounted to only 3 per cent of assets at the end of

One problem facing a company of Philips's size is tha cusshioning of operational managers from the financial realities. Non - financial managers were deliberately screened off from tha financial aspect of the husiness.

"In the past, this did not matter because there was money for every project. In the present condition of the private sector there are no longer the funds for avery good project.

Charles Batchelor



Dr Henk Kruisinga of AKZO: "Until we have trimmed: our fibre activities to the optimum size our results: will remain somewhat volatile

WHERE THE DUTCH INSTITUTIONS PUT THEIR INVESTMENT CASH (Figures shown as percentage of balance sheet total)

	Dutch se		Foreign bonds	securiti Shares	es Private I	Mortgage Inans	Property	Bala she tota
Savings banks	16.7	÷	<b></b> .		30.0	36.5		421
Life companies		5.0		:	41.0	27.0	14.0	-52
Pension funds	8.3	3.6	1.4	2.2	61.0	5.8	13.0-	691
State fund					92.0		5.0	641
			Source:	Dutch	Central Bank	100		

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## Rabobank 🔼 Dutch Masters in Banking.

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## Institutions are the main source of funds

capital market. Central hank reports show that just under half of the market's net supply of capital came from the institutions in 1979 and that this level of investment and the investment is the primary outlet for the private pension funds are the only form of Dutch institution to place investment cash abroad. The bulk of this is the primary outlet for the pension funds and the investment is in equities. half of the market's net supply of capital came from the insti-(\$2bn) was much the same in

the two previous years. The savings hanks, insurance companies and the pension funds dominate this section of the Dutch financial community with the pension funds overshadowing everyone. Holland is out-of-the-ordinary in that pensions for civil servants are funded and not paid out of current revenue as in most

other countries. The state pension fund is almost as large as all the other pension funds put together. Its assets are roughly four times as hig as those managed by the second biggest fund which helongs to the Nationale Nederlanden insurance group. In its turn, the NatNed fund is around twice the size of Philips and Amey, the two funds next in the general pecking order.

Respective investment styles are remarkably dissimilar, and they compare strikingly also with their counterparts in other parts of the world. notably in the UK and the U.S. The main difference on a global comparison spring from the reticence of Dutch funds institutions to get involved in equities. Among them there are distinctly contrasting approaches to invest-ment, both in form and con-

investment policies of the savings banks and the insur-ance groups are largely dictated by a need to balance the books. Performance is impor-tant, but the matching of liabilities with assets tends to overshadow investment approaches. In contrast, pension funds have much more freedom and their greater flexibility is reflected in the wider and more generous spread of investment outlets used. Alone among Dutch institutions the pension funds make significant use of foreign

To soma, extent investment policies are forced upon the institutional fund manager. There are a number of fiscal There are a number of fiscal guidelines—the state pension fund, for example, is not allowed to invest outside Holland — and tha industry watchdog, the Dutch Insuranre Chamber, keeps a careful eye nn proceedings. The demise of the equity market in Amsterdem has had clear policy dam has had clear policy implications. A decade ago the Dutch institutions kept something like a quarter of the portfolios reserved for Ordinary shares, most of which were domestic securities.

But perhaps the most powerful influence on investment policy in rerent years has been the growth of Holland's private placement market which st times has threatened to become explosive. All institutions invest beavily in this form

INSTITUTIONAL INVESTORS whereas a decade ago the weighing government borrow-are far and away the major sup- unlisted bond market was still ing.

The private pension funds

ance industry, and in the case of the state pension funds it represents very nearly the only outlet. The state pension fund tends to favour state issues whereas the hulk of private sector financing is left to the private pension funds and the insurance groups.

Choosing to ignore equities and listed bonds, the state pension fund does at least place some business with the pro-But it dahbles perty world. modestly in comparison with tha private sector where the property commitment of both insurance companies and pension funds extends over an eighth of their balance sheet

#### Long-term debt

The biggest single investment area among the savings banks mortgage losns. But these institutions also play a sizeable role in the public bond market and just under balf of their investment in this quarter goes into private sector bonds. state pension fund and the insurance industry steer clear of public long-term deht but the private pension funds play a supporting role with private sector debt marginally out-

level of input, at FI 21.7bn pension funds and the insur- and in fact the pension funds to non-Dutch shares as they do to the local variety. But even combined, foreign and domestic equity Investment still adds up to a very modest proportion of overall portfolios, although some pension funds claim a far higher involvement with ordinary shares than that suggested by our table.

One of the more obvious overall conclusions to be drawn from the central bank statistics on the concentration of institutional funds is that the pension funds are by far the most adventurous of the clan. Low risk, fixed interest investment pre-dominates but individual cases can produce some interesting sidelights.

The Akzo pension fund reckons to bave s keen eye for property, employing its own team of between 10 and 15 specialists for this purpose. The KLM pension has something like a tenth of its assets in property and a broadly aimilar percentage tied to equities. The KLM fund currently stands at around Fl 2.2bn - About threequarters of this is invested in fixed interest of which over 60 points is taken np with the market in private placements. Jeffrey Brown

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## Decline in new issues of equities continues

IN RECENT YEARS the Dutch . The comparisons with the Dutch minor role both as a provider in 1978 new money raised by Philips, account for 60 per cent of new capital and as a forum of that provided by the public priving are last year this orities are laying a number of percentage was down to a bare ingenious plans aimed at ex. 21 per cent. But the public panding business and widening bond market is itself dwarfed the capital-raising appear of the by Amsterdam's inge and growing business in private; unsuck market But these are not listed placement. Add in a going to change the situation. going to change the situation notional figure for the amount oversight. And in the mean of new money raised in this time the bourse statistics con form and new equity funding timie to tell a depressing story, just about disappears from the in 1979 new issues of equity calculations. shares via the Amsterdam stock exchange raised Fls 200m (£44.5m) of new nominal capital, excluding rights issues. There are a number of This was sharply down on 1978 reasons for this state of affairs, the least of which is that when new shares worth Fls not the least of which is that were issued and the decline shows up just as clearly

Reasons

There are a number of the decline has tended to become self-feeding. The equity on a longer view. The stock market has shrunk physically market's capital-raising perfor with the number of shares mance last year amounted to listed falling from about 400 to just 60 per cept of the annual imder 250 over the past decade average nutput of the four and marketability has been sharply reduced. The big three

internationals, Royal capital. But fiscal constraints the capital market has dimito other outlets to place their

put logother-have virtually no involvement in shares, while the latter institutions have more tied up in property.

The Dutch financial sector. the banks and the insurance

have created much of this trend. market may have doubled in the of the total market capitalisa. Industry at large has been con- past half-dozen years but the tion. As the importance of tent to rely on bank borrowing stock exchange authorities. The hourse suthorities are is to be circumnavigated. Much production rose by 3.5 per cent equities as an integral part of and internally generated funds. plainly face a number of long-considering a move to a dual groundwork has yet to be done, against the final three months tion. As the importance of tent to rely on bank borrowing

Once again fiscal reasons have nished so investors have turned been a prominent influence. Companies in Holland are allowed to pay out a substantish.

The msin investing institu- part of dividends in share form tions in Holland put more of rather than cash. Dutch intheir assets into property then vestors tend to opt almost tbey do into equities. Figures exclusively for stock dividends for last year show that the sav- which offer tax advantages to ings banks and the state pension the Dutch resident. All this fund—which is almost as large has helped to ease the financing as all the other pension funds pressures on Dutch industry. For the men whn run the

bourse though it has also meant life companies and the private less prosperous times. Their pension funds bave 5 per cent husiness in bonds has been exor less of their assets in panding and stock exchange equities. In contrast, the two members show no signs of being reduced to their uppers. But than an eightb of their assets share market business plainly could be a lot brisker: the hanks make no bones about the fact companies, have been relatively equity side of their research active in raising new share establishments.

shrinkage. Their plans aimed smaller companies could be its approval. But the bourse cent up on the first quarter of at countering the decline have listed. The present minimum authorities are very enthusiastic. begun to take on a number of formidable and imaginative shapes. New trading hours and regulations have been in opera- flolation would also be lowered, these grand designs, tion from April this year. There Initial flotation costs mostly domestic indices suggest that are plans to make new sbare issues easier and cheaper to

achieve: and a system of dealing

more directly in U.S. shares could well he in operation by

the middle of next year.

#### Initial cost

of the new trading regulations an adjunct to the stock market ably behind other major Eurocentres on an attemot to win internationalism that Amster- pean centres like France and back business from the banks dam has tried to create through the UK. as well as improve markela- the formation of the European By international standards bility. Since April at least 25 Options Exchange. At present the Dutch economy looks per cent of the price at which Dutch investment in the U.S. remarkably resilient. There are

The market capitalisations of a transaction has been under- is constrained by the heavy cost no real signs of recession and equity market has played a bond market are more stark. Dutch Shell, Unilever and relating to their asset bases the main financial sectors of the paperwork involved, inflation is being kept within through the stock market deal- notably through the issue of

ing system. capital requirement at issue of Fis 2.5m would be reduced to Fis 1m and the initial cost of a provides a suitable spur to centre on the printing and the market has more or less sharply and which tend to distribution of a prospectus: for marked time since January smaller companies the stock having traded within a narrow exchange would allow a pros- range. According to the indices pectus advertisement to be compiled by Capital Inter-placed with the bourse official national the Dutch market

Official trading hours have been Wall Street are more complex, less worse than the German extended while the main focus and can perhaps be seen as market but has lagged notice-

bearer certificates. This process term problems over equity market in shares whereby and the SEC bas yet to stamp of 1979 and was a full 8 per

> The negative performance of equities in Holland this year (with a decline of 2-per cent The plans to enhance market over the first five months of activity by linking directly with 1980) has performed slightly

first quarter of 1980 industrial last year which was severely hampered by a bad Corporate profits probably rose by around 10 per cent last year, The excluding Royal Dutch whose earnings rose much more exaggerate the overall trend.

The outlook for earnings and therefore dividends in 1980 is less encouraging. The Government wages freeze will help keep labour costs in check but Dutch industry is heavily dependent on a strong world Many companies on the opening economy. reporting quarter of 1980 have suggested that the outlook for the second half of this year is not optimistic.

Jeffrey Brown

## Demand in bond market never stronger

IN STRIKING contrast to their the exclusion almost of all other contemporaries on the equity forms of investment. Two fac-pitches, the men who run the tors stand solidly behind this ond markets in Amsterdam pattern of events high central have been experiencing boom government borrowing and the business conditions. Demand way credit policies are forcing for fixed rate paper has never the banks more and more into been stronger. The size of the the capital market for funds. new issue market in publiclyquoted bonds has considerably more than doubled over the past seven years.

Between 1972 and 1978 the public market in bonds expanded from Fls 3.3bn (£730m) to Fis 6.64bn (£1.4bn) in terms 1980 has seen further inroads. of new money raised. This is The Government took np an open market system operating under the full control of the central bank. It grew by an additional one-eighth to Fis whole of 1979 and Fis 3.2bn in 7.35bn last year. But even this dramatic expansion has been outpaced by the market in private placements which had risen to around Fis 20hn of net new money in 1979.

In reality then fixed interest NNI towiness is what the Dutch capital market is all about capital market by the financial Borrowing through the evarious institutions was given a con-Borrowing through the various institutions was given a con-forms of debt, which includes siderable spur in 1977 when the mortgage bonds and Euro present central bank credit guilder issues, continues to ex- restrictions wer laid down. The pand while the main institutions banks' private short-term loans

الدورا يور

Demand from the central government has been rising sharply in recent years. In 1979 state borrowing represented more than balf of the new issue demand on the public bond market and the first quarter of months to March this year com-pared with Fls 4bn for the whole of 1979 and Fls 3.2bn in 1978. At the moment long-term state debt stands at about 21 per cent of net national income and short-term borrowing at something like 6 per cent of

folios on fixed return paper to market savings or other long- around 6 per cent.

capacity to increase sufficiently, the banking system has had to turn increasingly to the bond market. It raised Fls 1.9bn in public issues last year, contpared to Fls 1.abn in 1978.

The supply side has been strengthened by a steady flow of funds from the main investing institutions as well as from foreign sources. Foreign investors remain very active buyers of Dutch bonds and the trend bas hardened in recent weeks in the wake of the guilder's gains in the foreign exchange markets.

#### Momentum

The investing institutions in Hollind bave always been bond orientated and it is easy to understand why the trend has been gathering momentum. Alternative investment in share markets and property carries far more risk and can be difficult to casb in. In contrast, fixed interest investment offers solid real returns with the are concentrating their port not financed by the capital Dutch inflation rate bovering with the market in quoted

their Dutch operate modest share portfolios. — it accounted for a full one-and often these include third of the total net supply traded.

issues the largest. The state recently borrowed Fls 1.4bn deht to the private sector. over 20 years and the current buoyancy of the market has land to increase its latest funding from Fls 350m to Fls 400m. made through a tender system.

The strict regulation of this market is one reason for the explosive growth of the private placement which is operated with speed and considerable banks. borrower are brosdly in line

include third of the total net supply capital (Fls 46.3bn). Demand The hub of the capital market for funds stems from central arc longest and individual pension funds are particularly active in lending this type of

The attractions to the borrower are clear-cut. There associated with the publiclisted bond market. With the strict calendar system and private loan, funds are avail-foreign borrowers are not able virtually on tap. If allowed to use the proceeds of required, some banks can have public Issues In Holland. a deal sewn up and a borrower Government hond issues are provided with bis funds in little more than a week from the initial inquiry. However, once again the bulk of the borrowing is achieved by the state and the main financial Institutions.

The commercial banks act as efficiency among the placing intermediaries between the Effective costs to the market parties and also provide some limited form of "market" lower in recent weeks and the tion of the guilder within the for matched buyers and sellers. The loans carry a coupon cost cent for ten-year funds as to trade at levels only modestly some limited form of "market"

term liabilities get snared up in insurance companies in the UK. The importance of this market higher than for public bonds, the central banks' policing and the U.S. often carry heavy in unlisted bonds can be judged and in current markets this has system. Thus, to allow lending exposure to equity markets by the fact that last year — widened to perhaps a full percounterparts according to one hank estimate centage point. But the banks claim that the overall cost to the borrower is effectively held in strategic holdings which are not and demand of the Dutch check by lower documentation often only a nanoful of instituin Amsterdam is the public government and local authorities tional lenders putting up the hond market where maturities as well as industry. The private funds, half-yearly interest payments are made quickly and cheaply.

> Increasing interest in this type of investment is now beginbuoyancy of the market has forrower are clear-cut. There ning to come from outside allowed Algemene Bank Neder- is no queue system like that Holland. Dutch exchange control policy regarding capital The central bank maintains a horrowing taking the form of a placement market has been relaxed in some respects. But the central bank maintains a watchful eye. Prior consent bas to be sought for guilder loans being raised partly or wbolly from non-residents and iovolving FI 16m or more per domestic

As for yield structures, the market as a wbole is subject to a number of diverse in-fluences. Yields in the public bond market have been easing



recently as Marcb got away above comparable deposit rates comfortably with a 10 per ceot in West Germany. coupon in June.

The Government's financing requirements are likely to exert renewed upward pressure on long-term rates in the months ahead but the comfortable position of the guilder within the EMS is allowing short term rates

Looking further ahead, the performance of guilder bonds is likely to continue to shadow the German market where interest rates are being kept bigh by

tight credit policies. These are

unlikely to ease much before

the final quarter of this year. Jeffrey Brown

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	31-12-1977	31-12-1978	31-12-1979
MORTGAGES CONSTRUCTION LOANS PROPERTY MANAGED BUILDING PROJECTS BORROWED FUNDS BASE CAPITAL	8.005 674 203 207 8.110 326	10.506 823 271 355 10.642 418	12.559 961 360 506 12.964 479
OPERATING PROFIT NET PROFIT	114,2 46,4	124,8 61,9	109,7 55,7
PROFIT PER 50 GUILDER SHARE IN GUILDERS	63,25	76,68	69,06

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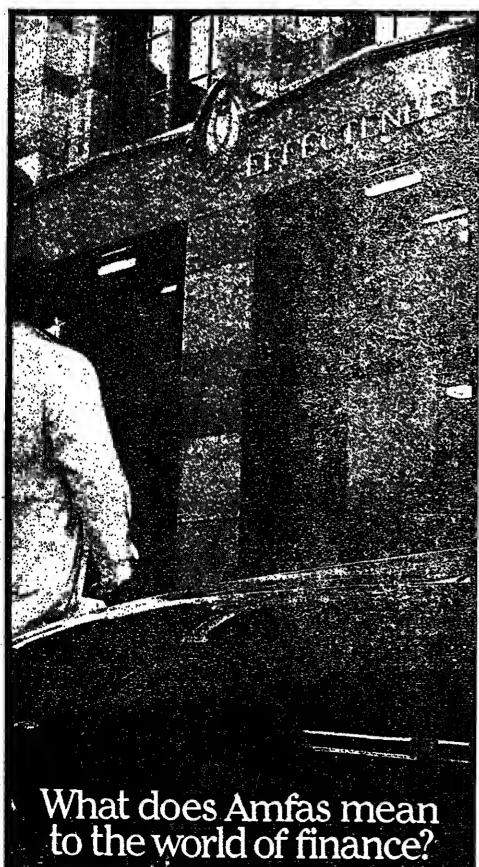
Certificates of shares are quoted on the stock exchanges of Amsterdam, Antwerp, Brussels, Dusseldorf and Frankfurt.

Westland/Utrecht has 32 branches in The Netherlands and a company, WUH Finanz AG, in Basle. Its Property division has offices in Brussels, Dusseldorf and Paris.

For further information and for dispatching our annual report, please contact us at: Group Secretariat Westland/Utrecht Hypotheekbank,

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## The guilder rides high despite mounting pressures

THE GUILDER: RELATIVE COMPETITIVE POSITION

THE DUTCH guilder has been one of Europe's strong cur-rencies during the past decade. It has henefited from a long period of current account surplus resulting from Holland's natural gas wealth, and this advantage has been reinforced by the tight monetary control needed to hold ranks with the D-Mark in, first, the currency

Monetary System.

Today, the guilder remains one of the strongest currencies in the EMS. But, in common with sterling, the guilder's strength now contradicts both Holland's balance of payment situation and the international competitiveness of Dutch indus-The Central Bank remains

make and then the European

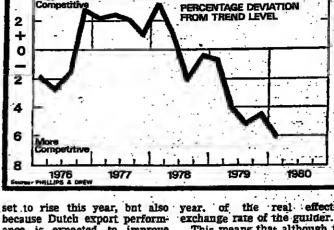
devoted to the cause of a firm guilder holding its own against the D-Mark while Dutch industry has mixed feelings about this anti-inflationary Dutch

payments on current account first lurched into deficit in 1978 after seven years of surplus. The deficit was increased by Fl 1.8bn to Fl 4.1bn in 1979 largely because of dearer oil.

#### Matching increase

The Netherlands suffered from the natural leg between the rise in the price of its imported oil end a matching increase in the price of Dutch gas. It is the expectation of a catch-up" between oil and gas prices that is one of the reasons why the Dutch current account is expected to narrow in 1980 to around Flibn.

This improvement in the



ance is expected to while imports should moderate as slower economic growth feeds through.

The central planning office of the Dutch Government predicts exports will show a rise of 1 per cent in volume but imports should fall 2.5 per cent after 6.5 per cent increase last

So far, the figures do not suggest that these hopes are justi-fied. The trade deficit for the first three months of 1980 was lent period of the previous year. Exports, in guilder terms, were up by 28 per cent, but imports rose by 29 per cent, and it was the particularly had figures for March which responsible.

This deterioration in trading halance of payments is expected performance has occurred in not only hecause gas prices are spite of a fall, since May last

This means that although the Dutch guilder has been strong. other currencies, like sterling and the U.S. dollar, have been stronger still considering their much higher rate of inflation.

Put another way, the strength

of the guilder has not been an edequate reflection of Holland's relative lack of inflation. The most popular explanation of Dutch industry's failure to henefit from this improvement in its international competitiveness is that this improvement has not yet provided sufficient correction in the legacy of gas wealth in the early 1970s—the oft-cited "Dutch disease" which

the UK is now suffering from. ted the Dutch Central Bank and Government to he more resolute in controlling inflation and accepting the drop in real ply The Central Bank is fa-tent on evoiding an inflationary weakening of the Dutch erchange rate and has tailored its interest rate policy accordingly.

Dutch interest rates of 10 to 11 per cent now provide a substantial real return on money which is losing value at a rate nf 6 to 7 per cent a year.

Meanwhile, having failed to reach e voluntary agreement on wage restraint with the trade unions, the Dutch Government hold the rate of increase tween 6 and 64 per cent this year. This policy has the back-ing of the Central Bank, which is itself intent on pursuing moderately restrictive monetary course in 1980.

#### Low inflation

In 1979, the year-on-year rat consumer price inflation h the Netherlands was 4.2 ne cent the lowest within the EMS of increase is already running et a 12-month rate of 6.5 per cent, but the hope is that this will moderate to about 6 per-cent at the year a end. This will still be one of the lowest

The Central Bank warned recently that the "sands ar running out" for the Nether lands, but although there have been signs in the last three years of a deterioration of Holland's. international - financial position, it seems fair to comment that the Guilder, still strongly supported by most

not yet been forced to incur any foreign debt and, to fals extent, the country is not yet

The Dutch banking business he international the other banking systems in the EMS except that of France.

this relatively unstretched financial position inflation rate, the insistence of the Gov-ernment and Central Bank so far at least—on anti-inflation the past have proven, clearly add to the interest in alternative investments possibilities, such as share options."

To give the Dutch options with a feeling that the guilder with a feeling that the guilder. able current account figures for some time yet.,

Nicholas Colchester

## Options: bright hopes give way to caution

LETS. FACE IT, Europe loss in hasn't turned out to be so Financially trying the road to united after all since our success has certainly been: of the European Options account in the EOE's recently-Exchange (EOE) appears convinced that his organisation, which has been in business now for just over two years, has not a loss of Fi 3.6m in the period deserves from foreign financial r stockmarket authorities. Unfriendly moves outside the Netherlands, notably in Britain and France, and to a lesser extent in West Germany, get much of the hiame for the disappointing development of

business so far. It is by no means all gloom on the options front in Amsterdam, however. But the outright optimism which characterised the project's initiators from the start, has gradually disappeared, making way for more guarded pronouncements of confidence in the future. As merchant bankers Pierson, Heldriog and Pierson, ao active party on the market, put it a year ago, for example: "There seems to he no real reason wby

in Europe like in the United Success, eccording to manage-ment at the EOE headquarters in Amsterdam, has merely been delayed. "At the start of the venture, we were too optimistic as regards the date on which the hreak-even point could he reached," the EOE spokesman admitted. Importantly, the EOE's initiators and financiers, the Amsterdam Stock Exchange

options should not he a success

(ASE), has not given np hope either. Given the far-frombright development on the Dutch stock exchange, it also badly needs the EOE to become success: the interdependence of the two Amsterdam organisa-

and the AEA has also decided to make available a contribu-tion to cover the operational

establishment." The spokesman according to the profit and loss ouhlished anoual report, 1979 bas been concluded with a loss of Fl 4m, which compares with

> The plea for fresh support to the ASE-"give us the means and the time "-made hy Mr. Ewold Brouwer, chairman of the EOE supervisory council at the organisation's annual meeting in May last year, has been responded to. Now, the promise "Aod we will make the EOE a success" remains

#### to be fulfilled. Too optimistic

daily turnover is already 2.946 contracts. In fact, if no unfore-seen developments occur in the world's political and financialeconomic situation, the EOE expects to reach its break-even point - about 5,000 option contracts a day --- by the end of

It is recognised by the man-agement, however, that much will have to he done hefore then. There is concern, for example, that stock options from just one country — the Netherlands - still account for the greater share of the EOE's turnover. And one stock, Royal Dutch Shell, dominates the option business. Trading in UK and French options, it is admitted, is bound to remain negligible for the time being, while turnover in Belgian options is confined to just one stock, Petrofina, a limitation for which the EOE has received some criticism from Belgian

tions is clearly growing.

Settlement of the EOE's in London in its own options sizeable financing and formamarket is now building up, the tion expenses has been agreed, EOE spokesman says: "We welmarket is now building up, the EOE spokesman says: "We wel-come increased interest in options anywhere, for even-tually we will benefit from it as

the markets from this type of dealings expands. And a not too bright-climate on the ordinary add to the interest in alternative investments possibilities, such as share options."

to make operations run more CONTINUED ON

NEXT PAGE

## **EFFECTENKANTOOR** A. STRATING & CO. B.V.

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## Insurance companies find new hunting grounds abroad

NOW THAT foreign expansion the takeover trial and intend at F1809m (\$77.8m), amounted by the Dutch insurers appears to remain so in the foreseeable to 15.5 per cent of the group's to be accelerating, some people future. Says The Hague-based total premium income that well he wondering Ennia in its 1979 annual re-year.
whether the companies have port. "In working out our En market altogether. dountry's largest insurance at activities outside the Dutch concern, appears almost em insurance market. barrassed by it all.

Says the management board. Expansion in the 1979 annual report of its own activities: "That im- foreign expansion ectivity it pression is incorrect. The Netherlands is our home port where we have a strong posi- U.S., are not ignoring the Euroflon, and we intend to go all pean market any longer. To force and expand if wherever the past 12 months: Amey has

true of all large Dutch insurers. hardly a month has gone by in the past year without some foreign acquisition having been mnounced by a company. Companies taken over are mostly active in the life assurance sector. The U.S.—bnlwark of capitalism as Nationale describes it Inter alia in its annual report remains by far the favourite hunting graund for the Dutch companies.

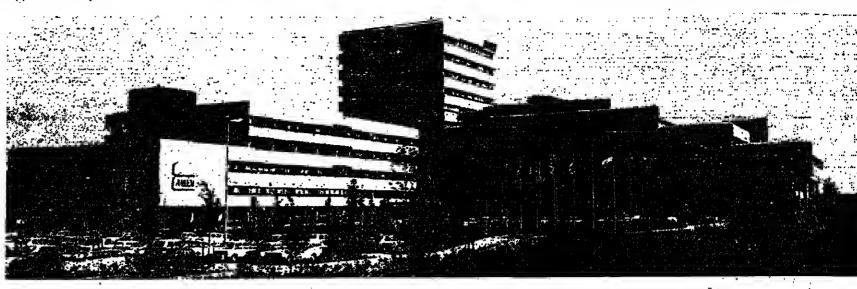
list interest in the domestic policies for the coming years t altogether. At any we have in no way modified Nationale Nederlanden, nur belief that Ennis must sim

Judging from the recent appears that the insurance companies, though favouring the acquired Gresbam Life Assur-The latter statement may be suce Society in Bournemouth, the of all large Dutch insurers. United Dominions Trust at it is certainly so that (Australia), set up a business finance company, Amey Capital Corporation, in New York and put ni a bld for Interfinancial Corporation in Atlanta, Georgia. Nationale finalised its takeover of Yorkshire-General Life

and two in accident insurance-

Ennia also underlined its continuing interest in further expanding in Europe through tha acquisition of the company La Galicia, which concentrates on accident insurance An Ennia spokesman said the company was "looking around in the U.S." Ago, the mutual insurance company, also announced its first U.S. acquisition recently.

Much of the surge in foreign expansion activity is altributable to the companies' wish to spread risk and to the fact that the saturation point is nearing the domestic insurance market, given the geographic limitations of the country. refraining Though expressing outright pessimism about the general outlook for domestic developments, Ennla says in its report; "Although the continued improvement in Assurance in Australia and general insurance business is acquired the Greek company gratifying the results have not Proodos Hellenic Insurance and yet satisfied even the most Reinsurance Company. The size modest profitability require-of its U.S. interests—four comments. This is related to the paries involved in life husiness high level of competition and two in accident insurance— caused by a surplus of insurquoted companies was given in Nationale's annual ance services being available report: the companies com- on the Dutch market. blued premium income in 1979, But there are factor But there are factors which



The Utrecht headquarters of Amer, which has become active in the U.S., the UK and Australia in the past year -

more need for investments in

to say for the funds' capital

exports, and we have not done

anything about it. But the situation has changed, and now

it is necessary to introduce controls," he said. He particu-

larly referred to measures that

would force investors to pump

more money into what his party

areas in the Netherlands, such

as low-cost housing. Mean-

while, these demands have also

heen incorporated in the party's

Asked for a reaction to the

draft election manifesto.

conference," he said.

" socially responsible "

"In the past there was much

the Netherlands.

the companies are more hesitant to talk about. They cancorn the uncertainties in the economic as well as ln political situation. As 10 the former factor, the outlook looks far from bright, with inflation and unemployment on the increase and the certainly of a dccline in purchasing power by the Dutch as a result of (enforced) wage moderation.

not be ruled out. In the past, den Uyl's Labour Party has often discussed the advantages and disadvantages of nationalising the insurance and banking sectors, but there does not seem to be much sup-port for either drastic move. On the other hand, the party does have certain plans for the banking and insurance husiness which it will try to effect once it returns to power and these will be far from popular in the respective industries.

general elections when the four-

year term of the current Centre-Right coalition has expired. The

possibility of another socialist-

dominated coalition similar to the previous Cabinet led by

Premier Joop den Uyl, should

In its draft election manifesto "Weerwerk" (Counter action) published in early June, the Labour Party, the country's largest party, called for the establishment of a state insurance company. It had been urging the establishment of a state bank for several years already, and continues to do so.

Though the proposals still bave to be approved by the party rank-and-file, practice has been that most proposals are adopted without major changes. A Labour Party spokesman in The Hague sald the background to the need for the two state institutions was the same: it was felt that there was need for more competition, which he said would result in lower charges and better services.

larger Dutch insurance groups sald that such a state insurance company was "superfluous," pointing at the high level of competition that characterised

Then there is the growing included plans to introduce which the many foreign compolitical uncertainty of what rules and regulations governing panies active in the Netherlands buted to the fairly good fortunes will happen after the next the investment policies of Dutch bad contributed significantly. pension funds and other institu-In fact, bankers' circles have tional investors. In March, Mr. used exactly the same argument against the establishment of a den Uvl said in a television prostate banking operation in the gramme it was "scandalous" Netherlands. "Private industry has grasped all possible that these institutions could invest abroad unhindered, pre-

chances, and its is doing its job miums paid of Durch wage earners and profits earned in well, making state intervention unnecessary and even damagthe Netherlands when there was ing for the sector as a whole, the identical message from bankers and insurers. In its 1979 annual report, the VVINprotested strongly against the Government's "damaging plans" to allow the Rijkspostspaarbank (state savings bank) to enter into insurance activity.

#### Less affected

Meanwhile, the insurance sector has fared well in the past year. It was again evident that this sector is less directly and less strongly affected by downturns in the economy than other sectors.

To give an indication of the Labour Party plans for a state. development of results in the past year: Nationales net profit insurance company, a spokes-man for the Association of risen to Fl 302m, from Insurers in the Netherlands Fl 248m in 1978 on a total turn-(VVIN) declined to comment. over-premiums life, general 'It still concerns a proposal and insurance and non-insurance we shall refrain from giving any reaction until it has been which was up to Fl 6.9bn from Fl 5.9hn; Amey's profits were up to Fl 115.1m (Fl 95.4m) on approved at the Lahour Party a turnover of FI 2.4hn (FI 2.1hn; Ennla's profits were up to FI 79.3m (FI 55.3m) on A board member of one of the increased receipts of F1 2.2hn (nearly Fl 2hn); and Amfas' profits were up to Fl 39.5m (FI 35.3m) on increased receipts

A development that contriwhich pushed up income from investments mainly in the life business coming in did stagnate somewhat as a result of the subdued development of business and the public's stagnating purchasing power.

panies, activities in aecident insurance—though improving are in fact still lossmaking. In the past year, however, the Government allowed premiums to be raised to "more realistic levels," costs were contained, the growth in the number of accidents was not so strong and the companies have succeeded fairly in bringing more order in the highly competitive market. However, price competition has increased in fire insurance on commercial risks, in mator insurance and in bealth insurance as a result, as Ennia put it, of the impact of "outsiders."

-As for life insurance in the Netherlands, the decline in the demand for housing had its market and it also influenced the production of mortgage-linked life husiness. The Dutch companies have recently been hammering bome the message to the consumer of the need for supplementary insurance in addition to existing pension provisions, but it is still too early to gauge the impact of the massive advertising cam-

Michael van Os

## Options CONTINUED FROM PREVIOUS PAGE

developed as well - as the

there is

inration

emoter wilder t " (if ne one 5 k

increased public relations Commissions cut effort. The EOE spokesman One of the measures taken efficiently, several activities notes that the exchange has to create more interest in filed an official request with national and privete investors the Dutch Finance Ministry in has been to cut commissions, The Hague to begin trading in while the way in which training spect there will be eny is organised is being adapted more closely to the needs of problems in obtaining the Ministerial green light. And German, Austrian and Swiss Investors. We feel that interest must be generated since there aren't any technical obstacles in sight dealings in mainly by the country where these bonds, which will be restricted to British German, American French or Dutch the stock comes from. We see great potential in the German After the two major setbacks -state loans, or state guaranteed loans, could start at the end of rece this year or in early 1981." for. received the co-operation hoped

are in the process of being the gold market, it is not in any However, the public there and as to Mr. Jenkins, be bad developed as well as the particular hurry. really wants and expects its own unfortunately intended to stay banks to offer such a service."

> The service's international cbaracter should also be strengthened as the ASE goes ahead with the listing of American sbares in original form, so that American shares can be traded on an official exchange six bours hefore the The EOE obviously bopes that interest generated in this manner will lead to increased turnover in options on American shares.

market. It is therefore regret to the EOE reported in this table that we haven't quite survey a year ago-the ceasing of husiness of First Options of He claimed that the new "We- have no German ing clearing members, and the type of activity to he offered members—the German banks return to Britain of Mr. Michael would be unique in Europe. have collectively refrained from Jenkins, a managing director of hoth the EOE and the Clearing requested official permission to EOE—which means that Corporation the EOE spokes—start dealings in gold options, business is being done through man: "We were bardly to blame Amsterdam, one of the the lead-

have already been started or but, given the current state of American brokers in Germany, for the former development for a limited period only, and he did not leave, as some Dutch papers suggested, because he disappointed with the EOE "), the past year has also produced a major blow: the mucb-publicised "Van Lanschot

F. Van Lanschot, one of the

smaller Dutch banks, which is

35 per cent owned by the National Westminster, con-firmed in December last year that it may have to write off Fl 4m on option deals carried out by one of its clients in hreach of the EOE's and the hank's own rules. Meanwhlle. organisations Instituted tighter controls. "It was a rather big teething problem for our relatively new organisation," the EOE spokes-man said. "But we have certainly learned a lesson."

Michael van Os

## We are growing out of Holland.

#### Who we are

AMEV is an insurance and financial group of international importance with assets of more than £2,000m.

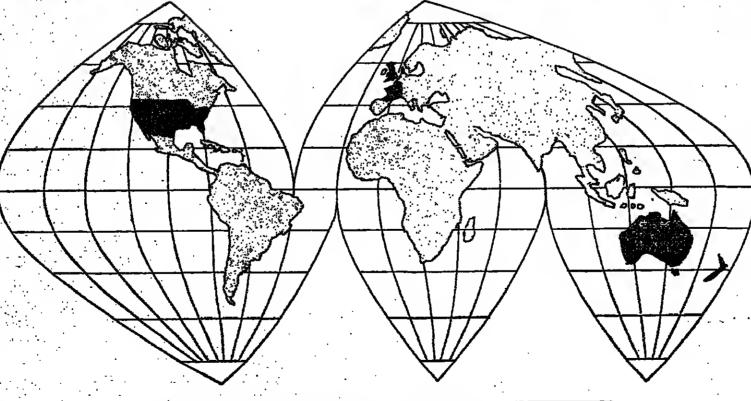
The Utrecht, the second largest life assurance company in the Netherlands, has sums assured in excess of £12,000m. The group is also active in general insurance, investment, industrial and commercial finance, investment funds, savings banks, consumer qualit project development and foreign exchange.

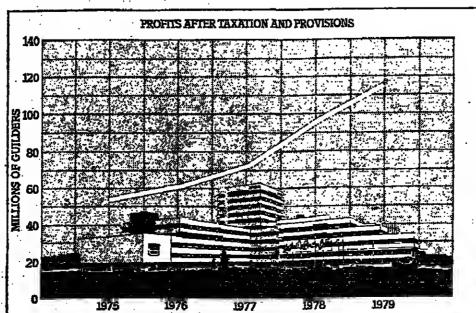
#### Expanding abroad

AMEV has long been established in Belgium, France and Denmark and has continued to strengthen its position there. During the last decade the main expansion has been in Australia, New Zealand, the United States and the United Kingdom.

In 1978 AMEV bought Time Insurance of Milwaukee, a successful US insurance company. This year it has concluded an agreement to acquire a still larger US insurance concern, interfinancial of \*Atlanta (Georgia).

In Australia too, AMEV has grown steadily. Its latest move has been to acquire United Dominions Trust (Australia), a simancial services group particularly strong in consumer credit Last year saw the acquisition in the UK of Gresham Life Assurance Society.





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During the past five years AMEV has expanded rapidly. Total income has risen from Dfl 1289m in 1975 to Dfl 2430m in 1979. Over the same period capital and reserves have increased from Dfl 583m to Dfl 1058m. Net profit after tax, which in 1975 was Dfl 53.8m, last year amounted to Dfl 115.1m. Further substantial growth is expected in 1980.

#### AMEV in the UK

Until 1979 AMEV conducted mainly unit-linked life assurance business in the UK through AMEV Life Assurance of Reigate. It has since acquired Gresham Life Assurance Society of Bournemouth, a company firmly established in conventional life assurance. Together these two companies offer a wide life assurance and investment service.

More information about AMEV is contained in the 1979 Annual Report. obtainable from AMEV Limited, 2-6 Prince of Wales Road, Bournemouth BH4 9HD.

The Netherlands

Financial Times Tuesday July 1 1980

## Government spending will need a new prop

afforts of two successive
Administrations and of the
monetary authorities bave been
nable to reduce the borrowing

This bas led to the charge that the public sector has crowded private industry out of the capital markets. However, a real clasb between the public and private sectors bas been avoided so far since industry's own problems have meant it has not been an active borrower.

If industry is to be the motor of the country's economic recovery it must be given more room to borrow. High interest rates—real interest rates have been at record bighs of up to 5 per cent recently—act as a fur-ther disincentive for industry to

Central government spending this year, including money channelled through a number of special funds, is expected to amount to Fl 131.9bn (\$68.3bn) this year compared with revenues of F] 118.2bn. The F1 13.7bn deficit amounts to 4.75 per cent of national income,

When spending by the provin-cial and other lower authorities is taken into account, the Government's total borrowing requirement, including funds 1979. By mid-Juna the Government had reached agreements to raise all but Fl 3.4bn of sais figure. The total deficit will rise to 5.75 per cent of national income from just over 5.5 per

estimates but the sluggish economic performance and the lower than expected tax revenues led to a further worsening of the outlook. Without hastily - announced the outlook. additional spending cuts of F1 3bn this year, borrowing would have reached 6.5 per cent of national income. The cuts are intended to bring it back to betwen 5.5 and 6 per cent.

the 20 years up to 1980. While the growth of govarnment spending on goods, investment and wages rose only moderately, transfer payments to meet the welfare bill have needed to repay loans, is to meet the welfare bill have expected to amount to F1 17bn risen sharply. Generous increases compared with F1 15.9bn in in the level of the minimum wage and the indexation of security benefits pushed up the cost while the slow down of economic growth meant more people were in need of some form of welfare payment.

Natural gas revenues are rising in line with oil prices The picture was gloomy rising in line with oil prices enough in the original budget put the depletion of the Dutch gas reserves will remove a major prop for government spending. more than a third of all non-tax revenues in recent years. The original revenue forecast for 1980 was FI 8bn though this The Dutch are now trying to renegotiate gas export contracts to allow a fuller and faster adjustment of the price to that

A Finance Ministry study The Netherlands' progressiva carried out in the mid-1970s and comprehensiva social wel- concluded that the Government's ware system has its price. deficit could rise temporarily. Public sector spending as a though in the long term it share of national income rose to should be reduced. Sluggish 64 per cent from 36 per cent in economic growth, a continuing

high level of government spend-reduced. ing and the rise in unemploy- Dr. We ment have led though to an increase rather than a reduction over the past five years. The Government has encountered strong resistance at home to its efforts to redistribute wealth between the private and public sectors.

Dr. Arnont Wellink, Treasurer General at the Finance Minis-try, said: "In retrospect the system was over-optimistic in judging outside influences and in assessing the readiness among people to moderate their demands. It is essential that we reduce the high financing deficit"

He cited a number of factors are used as a base to calculate sum will be higher as a result a broad range of public sector of recent oil price increases. salaries and social security payments—have been subject to controls this year. Efforts made in recent years to reduce induss costs should start to show up in industrial performance while gas revenues will rise in line with the higher oil price. Significantly, the consensus is

growing that the financing deficit la too high. All political parties, including the Labour Party, now agree it must be

Dr. Wellink does not feel that the Government has crowded the private borrower out of the capital market aven though government bond issues now number eight a year compared with one or two in the early 1970s. Interest rates are high but that is mainly due to out-side pressure, he pointed out. As a member of the European Monetary system, the Netherlands keeps the guilder within the agreed fluctuation limits by means of its interest rate

policies.
"We have always worked with the capital market. We bave not issued tax/free loans as some people have suggested which should easa the Govern-meot's position. Wages—which yields on our loans above the market rate. We use the tender system for our borrowings. The fact that we have not had to offer above-market rates proves, in my view, that we have not disturbed the market."

Dr. Wellink's view is not universally shared. "The pri-vate capital market is closed to industrial borrowers, with a faw exceptions," said Dr. Henk Kruisinga, a board member of the Akzo chemical group, recently. "The same applies to the public capital market, since this is largely dominated by the

Government's activities." Competition between the different public bodies means that industry faces exorbitant rates interest which almost prohibit borrowing, be con-

Banking economists also do financing deficit bas reduced its ability to take measures to stimulate the economy as well as pushing up capital and money

However, an economist at one major bank took the view major source of funds though that even if the Government the rapid growth of recent not reduce its borrowing to 5.5 per cent of national income, a figure of 5.75 to 6 per cent did not represent a dramatic worsening. "The 6 per cent limit the Government bas set itself has become a magical figure which is not so signi-ficant in economic terms."

The Central Bank is extremely worried about the increased greatly in importance large deficits. The curbs it has since it was first tapped in ing, though the position of the imposed on bank lending are 1976. Private borrowings lower authorities is not yet not only almed at controlling already total FI 3.2bn and may clear." liquidity and ultimately infla- equal public issues this year for tion but also are seen as a the first time. warning to the Government lo The most controversial cannot continue indefinitely at gas reserves are running out the issue of the size of the borrowing is the issue of Treasury Bills. This ing requirement the problem "monetary financing." linstead The burden of repayments Charles Batchelor.

annual report. The Government funds its deficits from three main sources. It bas about one-third of its borrowing oeeds about Fl 4.5bn in 1979 and 1980not underestimate the size of from the civil servants pension the problem. The Government's fund, which is required to from the civil servants pension place much of its own income with the Government.

Jelle Zijlstra, the Central Bank

President, warned in bis latest

#### Threat

20%

15%

10%

The capital market is a years is now over, in the view of the Finance Minister, Mr. Fons van der Stee. The Government bas already borrowed Fl 4.3bn on the public capital market this year-compared with Fl 4bn in 1979. The private capital market, where borrower and lender agree the loan conditions in confidence, bas

liquidity and ultimately fuels inflation. It is understandably strongly disapproved of by the Central Bank.

Industrial

ECONOMIC ACTIVITY

The Government first had recourse to monetary financing Initially it was able to use up the Treasury account consisting of accumulated Government deposits at the Central Bank. This account was reduced to Fl 2.3bn at the end of 1979 from Fl 6.3bn five years' earlier and the Government has now been forced to make more frequent issues of Treasury Placements totalled F1 6bn in 1975-79 and have amounted to Fl 1.7on so far this

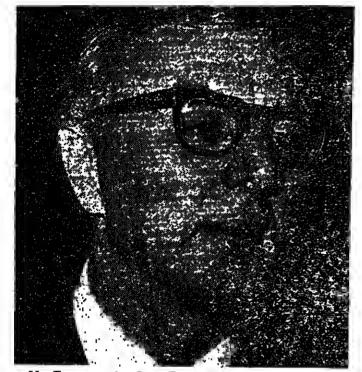
"Monetary financing represents a threat to our policy of the amount liquidity in the economy," said Dr. Wellink "The central government is doing well in balancing monetary financing against capital market borrowclear." Whatever form Government, it is plain that it

only becomes more pressing of drawing on capital market and interest is also increasing at and more difficult to solve. Dr. funds, creates additional a worrying rate. Loan rename ments alone will amount to 25 per cent of national income 1985 compared with 0.5 per ce

is not curbed interest payn

would donble over the pariod to 3 per cent. Borrowing abroad would pear to be a partial answer 1 this has been firmly reject as being inflationary and as delaying the solution of the underlying problems. The Dutch Government has had no foreign debts since 1976. If should be noted, however, that foreigners have invested in Dutch state loans while restrict foreigners have invested. tions on foreign borrowing by banks in the Netherlands were

cently lifted. The government faces so difficult choices in compiling the 1981 budget, which is the list of its present term. Further spending cuts beliaved to amount to Fl 6bn are being considered and Mr. Dries Van Agt the Prime Minister, has hinted at reductions in welfare bene fits. Previous spending curbs have been insufficient to halt the growth of the governments deficit. Time and the country's





Mr. Fons van der Stee, Finance Minister (right), who heneves that the copital marker's rapid growth is over. Left: Dr. Jelle Zijlstra, president of the Central Bank, whose report warned the Government about the size of its borrowing requirement

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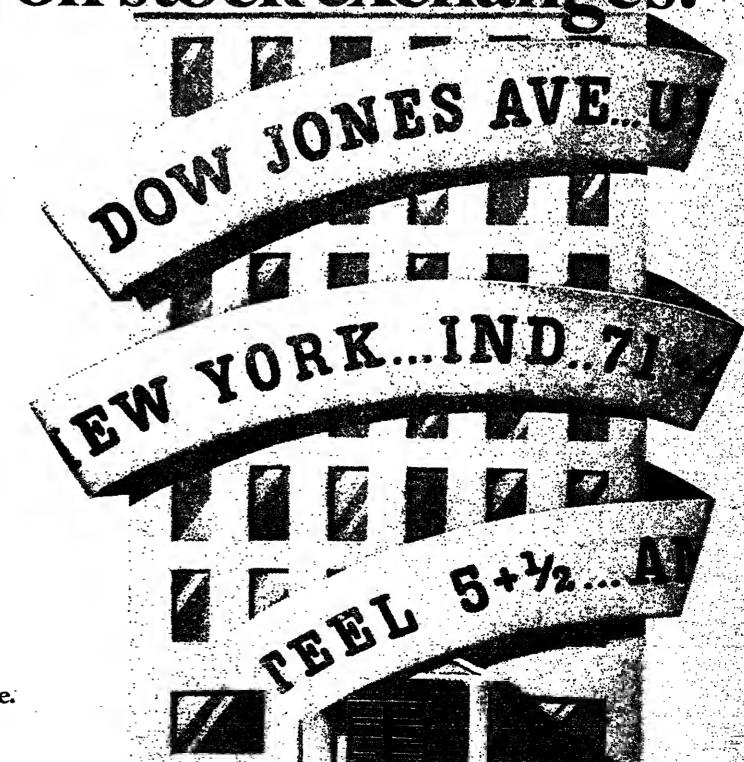
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## Newsprint cartel and the men from DG4

BY MAX WILKINSON

1T 9 e.m., the bureaucrat's quivalent of dawn, two smartly iressed men from DG4 the EEC's Directorate General No. -- hurst into the London office of Press Papers, the marketing combining for Scandinavian newsprint, and removed a bundle of

The raid, on a cold February morning in 1977, showed an agility seldom noted among EEC officials and it signalled the start of a major operation timoughout the capitala of Europe to search and possibly destroy cartels in the newsprint

This week, after nearly three and a half years, Directorate General No. 4, the sheriffs of EEC competition law, were able to report that their mission has been, to some extent accom-

The main newsprint prodicers in Sweden and Norway ambunced yesterday that Press Papers will be downgraded to a seculcing and distribution organisation, and that plans are ganisation, and that plans are in hand for the companies each to set up competitive marketing and pricing organisations.

The succesa is more remark-us market able because it shows that the west Europe writ of DG4 can be made to run far beyond the boundaries of the Nine, even though the articles be applied in detail to trading stations, like Press Papers. which are physically on EEC

However, like the old Federal Marshals in the West, the men from DG4 are discovering that the law is a rather hlunt instrument for dealing with an industry in which the goodies and the alleged baddies have formed extremely subtle and long standing relationships. Cartels in the newsprint industry have a long and respec-table tradition, particularly in Britain, where a joint organisa-

tion of producers was needed to administer rationing after The Newsprint Supply Com-

NEWSPRINT: **SUPPLY** and DEMAND

CANADIAN NEWSPRINT SHIPMENTS 1979 (1,000 tonnes)

908 6,429 6,370 585 Soure: Canadian Pulp and Paper Association

pany continued its job well into the 1950s: it allocated scarce supplies to competing newspapars and kept the price down for the benefit of consumers. After the end of rationing the two main groups of importers, from the Nordic countries and Canada, split off into separate marketing blocks. The Finns aiready had their own joint marketing company, Fin-the years, suggestions had not pap started way back in 1918, been made for averting possible The Norwegians and Swedes disaster. joined up to form Press Papers. The Canadian producers con-solidated their forces behind British International Papers— BIP — (the UK subsidiary of

Canadian International Papers)

which acted as agents for most

Newsprint shipments from Scandinavia Ma tons AFIREIRE 1979 TOTAL WESTERN EUROPE

> other Canadian exporters. For more than a decade until the early 1970s the Nordic countries were able to dominate the pricing of newsprint in the UK, and to some extent in other parts of Europe. Although the nse of the word "cartel" elicits

a pained response from Nordic

paper men, there is no doubt

that an extremely cosy relation-

ship has existed for many years between the major groupings. It can be fairly stated that when two or three newsprint executives are gathered together (often in an expensive hotel for their annual conference), they are unable to resist temptation of bewalling the ruinously low prices which so often appear to prevail. It would be surprising if, during

Indeed, in an industry which is prolific in statistics, and provides a large slice of employment in the Nordic world some consensus about pricing is inevitable and perbaps even

**EEC newsprint consumption** andimports 1979 THE RLANDS 10 .43 Total consumption

would be most obviously wicked.

The reason is that modern paper mills are built the size

of cathedrals at costs which can be at least £100m for a new

plant. A single new newsprint

mill producing 200,000 tonnes a

year could supply the whole of Belgium or getting on for a

third of the requirements of

For that reason, manufac-turers are extremely anxious to moderate their competitive

instincts by exchanging informa-

tion about future demand and

plans for increasing capacity,

The Swedes and the Finns even

have an informal agreement at

Government level about the

phasing of new investments

imed to prevent overcapacity.

France,

1980 '81 Although EEC compelition rules apply indiscriminately to all, the paper industry presents very different problems from

pected demand as exactly as possible with supply so that they can keep all their machines running at bigh capacity. However, a small amount of industry or consumer elec-tronics, where price fixing

over-capacity can reduce operating ratios enough to wipe out profits even if the price of newsprint holds up. For this reason a case can be made out that when supply exceeds de-mand, as it did after the 1973 oil crisis, paper mills need to increase prices rather than re-

Planned increase in newsprint

manufacturing capacity

1

'82 '83

Since it is rarely possible to increase prices in a buyers' market manufacturers bave at least attempted to contain their by what they call a responsible pricing policy."

This means, of course, that all manufacturers should come to the aid of the industry hy attempting to edge prices industrial strategists over the upwards at the first sight of a road at DG3, it could be argued blue chink in the clouds of

recession.
The inea that prices should Indeed, as production units be maintained or preferably become ever larger it is in-raised during a recession runs creasingly important for the absolutely counter to the industry to try to match ex- Romish faith in free market

attempt to sustain prices against market oresure implies f not a cartel, a highly developed rapport which enable everyone to arrive at the same figure independently. This is what the current investigation by the team of Eurocrats is seeking to

stamp out.

However the Scandinavians' main competitors in Europe, particularly the two remaining UK newsprint manufocturers, Bowater and Reen, are less likely to be Pleased, Both the UK companies are selling newsorint at a loss, because prices dictated by much larger Canadian and Scandinavian operations cannot cover the high cost of energy and raw materials in the UK, where mills are in any case smaller, older and less efficient Similar cost pressures apply to many smaller mills throughout

Europe.
In the UK overseas competition bas led to a rapid reduction in capacity. On the Conti-nent the shakeout bas been less pronounced, partly because prices have been higher, and partly because governments tend to believe production of the raw material for newspapers is of strategic import-

ance. Any strategy for preserving or developing the European industry against overseas competition would almost certainly therefore require a long-term policy for pricing and co-operalion in the EEC which runs directly counter to the efforts of DG4. Even if there were no contradiction between efforts of DG4 and those of strongly that competition policy and strategies for investment subsidies and development should in the case of the paper industry at least, be in a more oecumenical relationship.

irrelevant to the industry because its worldwide structure has been changing markedly ln the years since the investigation was mounted.

The main changes are the increasing strength of the paper industry in the southern states of the U.S. where the costs of lahour and wood are much lower, and the consequent pressure on Canada (the traditional supplier to the U.S. to look for

UK ANNUAL NEWSPRINT

**PRODUCTION** (in thousand tonnes) 1972 \*Annualised rate based on 1st quarter.

new markets, particularly in Europe.

The U.S., with consumption of over 10m tonnes a year is far the largest user of newsprint, Canada much the largest producer. Even a small recession in the

U.S. therefore puts pressure on Canadian producers to divert supplies to Europe in order to keep their mills running flat out. At present Canadians with their huge forests can land newsprint in the UK at a cost which is some £15 to £20 per tonne less than the cost to a Scandinavian manufacturer.
As a result of this cost advantage, the Canadians bave tended

to become price leaders in the UK at least. This process started in 1973 when BIP ended its in the winter of 1976 BIP decisively broke the pricing con-On the other band the efforts cluding the rejuctant Scandi-

principles which sustains the of DG4 may prove to he rather navians were forced into line operation of DG4. Clearly an irrelevant to the industry be-shortly afterwards.

The new aggressiveness hy the Canadians is illustrated by the fact that in January and February this year exports to Europe shot up by 17 per cent and 47 per cent respectively. In the longer term, as the graph shows, manufacturing capacity in North America is expected to increase by about 6 per cent a year for the next foor years, while demand, which follows U.S. economic growth, is unlikely to increase by more than an average of 3 per cent

So as one worried executive remarked: There is going to be a hell of a lot of cheap newsprint trying to get across the Atlantic by 1984." Even in small amounts Canadian newsprint will tend to bold European prices down and give many more worries to DG3 than to

The year of 1984 has, perhaps an even more menacing aspect for European newsprint manufacturers, for it is then that all tariff barriers against Scandinavian countries (in the former European Free Trade Association) will be dismantled. The present rule which allows a total of 1.5m tonnes of newsprint to be imported duty free into the EEC will have to be renegotiated. The present 1.5m quota is sbared between Canada and Scandinavia. After 1984, the Canadians would like the whole of this quota for them-selves, but representatives of the European industry want the quota to be lowered to perhaps 400,000 tonnes a year, somewhat below Canada's total shipments

to the EEC last year. marketing arrangement with The argument about how other manufacturers and be much the EEC needs to be procame totally independent. Then 'tected against Canadian newsprint is being botly pursued in Brussels at the moment, but not sensus by lowering its UK price. at DG4. That is the affair of All other manufacturers in another department and it is, or will be, another story.

## The reality

of Europe From Mr. D. Prug MEP

Sir.—The Financial Times and (one day) security. term and (one day) security. The financial Times and (one day) security. The financial Financial security and fore day security. The financial financial financial fore day security. The financial f fine with current conventional attitudes, calleged (June 23) that the strength of the European Parliament's commitment tonium damantal responsion the Common Agricultural Policy was left seriously in doubt by our examination of the 1980

weirants

ent to he

Budget last Friday in Luxem-Democrat is concerned, let me say categorically that there is no weakening whetsoever in the way. But we have to choose commitment to fundamental our battleground sensibly, and reform of the Community as make sure we are furthering a whole, not just the CAP, and not destroying our hopes. What I, and many of my col-leagues of all parties and all nationalities were not ready to-stomach in the Budget examination, was the constant singling out of the CAP as the great scapegoat for all the Community's ills.

Of course there are many things wrong with the CAP. Of course the financing of stocks is too expensive, and of course the milk surplus must be

But we/should also remember that all tocks are not surplus; that the terms "mountains" and "lakes" so beloved of the media are emotive and often misleading; that accure food supplies at stable prices are a great advantage in a world where hunger abounds; and that we have already taken major steps to curb the milk surplys the cow slaughter premium which has cut the number of dairy cows by lm-and low an increase in the corespinsibility levy paid by milk producers from 1 per cent to 2 per cent. Moreover, the principls of the CAP, as pointed outin a recent excellent article in the Financial Times (June 27] are still fully valid, and that view is held by a large

mijority of Euro-MPs. in addition some British Erro MPs including myself felt tlat, after the buge concessions to Britain on our sould get hack about £2.50n goings during that year—in-then the three years 1980-82 in cluding interest on loans the wer the three years 1980-82 in schange for a very modest per cent increase in this ason's farm-gate prices), it ill ecame us as Britens to go on aking swipes at the CAP in the 1980 Budget. Heavens, that Budget was already over six months late, and the failure to pass it has been causing the Community all kinds of difficulties. We had made our point,

and it made no sense to go on with the battle any longer. own commitment, and that of my European Democrat and other colleagues, to funda- be hard. mental reform of the Community's activities, and the The-UK system does every achievement of a sensible balance of spending with the Budget, remains as firm as ever. It is a matter of how that balance is to be achieved. More and more of us are becoming whetever that. convinced reforms we may manage to CAP, the achieve in the chances of actually cutting expendibire are negligible. The on his suggested cure. governments talk about it a great deal-and then invariably

take decisions that increase its

Community will only come Incidentally, Mr. Robson, the through an expansion of Com- Public Works Loan Board facilimunity action and expenditure ties to which you refer provide in other fields—energy, in loans to local authorities for a dustrial re-structuring, regional

munity is not just the excesses of the CAP but, much more,

the refusal of member governments to move beyond the CAP and make the Community a reality to anyone but farmers. tion to simple, effective joint action. Our commitment to build a

strong, united European Community has not faded in any It was time to get the 1980 Budget through—the next battles for Europe will come in the 1981 Budget. Derek Prag.

Euro Centre, Maynard House, The Common, Hatfield, Herts.

#### Placing money with councils

From Mr. C. Dobsen Sir,—I read Mr. Robin Pauley's article (June 17) with interest, Mr. Twist'a rejoinder (June 19) with satisfaction and Mr. Hatfield's comments (June

26) with dismay.

To suggest that "spendthrift local anthorities and in particular Manchester are destined to become another New York" shows an ignorance of the financial safeguards that exist in British local government. In simple terms—which from his first paragraph Mr. Hetfield acems to appreciate—New York

continued to borrow at ever-increasing interest rates to finance ever-increasing revenue expenever-increasing revenue expenditure and suffered the con-sequences. Local anthorities in the UK cannot borrow in the same way to finance revenue spending and must "square their books" each year by levying a sufficient rate, which added to the rate support grant and natural income of the contribution (we authority, must cover all outcouncil has taken to finance capital expenditure. Any abortfall or surplus resulting from this process wil either harden or soften the blow the ratepayers must face the following

Therefore it would not be surprising if, in times of higherthan expected inflation, crippling interest rates and the visitation of Clegg, local anthority with the battle any longer. treasures—particularly those in But I can assure you that my naturally high-spending conurbations - felt that the blow to ratepayers next year might

> New York never faced reality. year, and that is what huris, Victor Robson in his letter of his prescription of strong, credit withdrawing, behave yourself medicine. I wonder if Mrs. Thatcher, to whom he is as representation has given him any indication of her thoughts

ister its own treatment through of the directors is reasonably grant cuts and other central controls which if implemented excess shall be treated . . . as diture between agricultural and would have stronger effect than a reserve and not as a other polities in the European the "Robson plan".

Letters to the Editor Incidentally, Mr. Robson, the five-year minimum period and that hardly ranks as "short

Adelaide House, London Bridge, EC4.

#### **Mythical** strikers

From Mr. J. Little : Sir Mr. V. Stepanov (June Nearly always, they prefer 27) puts on e fine show of obscure, unenforceable legisla- righteous indignation, but the very phraseology he adopts reminds one of the famous The Soviet Union being a

ruthless dictatorship and also a closed soclety, one is obliged to make the following points. "Foreign media" reports are not directed at inciting Soviet workers to strike but to show that industrial relations inside Russia are not all the Soviet anthorities pretend them to be.

With regard to the strikes at the Togliatti and Gorki plants baving heen "conclusively disproved," one must ask by whom and under what conditions and circumstances — independently of . Soviet authorities—were these facts disproved?

The \$64,000 question is: will Mr. Stepanov and/or the Soviet authorities allow Western reporters and cameramen into the Kanaz lorry plant in order to talk to individual Russian workers? One has only to put this question to realise that it would be extremely unlikely for the Russian authorities to allow any independent inquiry. Without this one can only regard Mr. Stepanov'a excuses and protests as quite valueless.

J. S. Little, Orchehill Gottage, Orchebill Rise, Gerrards Cross, Bucks.

#### Russian reading matter

From Mr. R. Musgrave. Sir, — Mr. Sepanov claims (June 27) that the Western Press fabricates stories about strikes in Russia among other things to induce Russians to actually go on strike. Mr. now applied for a Telex

Stepanov's charge is rather far machine only to be told that fetched surely, since Western there is a waiting period of one newspapers are virtually un year. obtainable in Russia, particularly in the provinces (like Togliatti) where the alleged strikes took place. R. S. Musgrave. 24 Gorden Avenue, Framwellgate Moor.

#### Definition of provisions'

From Mr. K. Matthews Sir,-Mr. Waldron (June 27) sbould read his Companies Acts a little more carefully. The definition of "provision" is in two parts, which can con-veniently be referred to by June 30th attempts to justify the non-statutory terms "asset provision " and "liability provision.

An asset provision is defined any amount written off or reported to have made strong retained by way of providing for depreciation, renewals or diminution in value of assets. subject only to the rule that I would suggest that the Gov- where a provision is in excess erament would prefer to adminion that which in the opinion necessary for that purpose, the

Waldron that general bad debt provisions ought to be classified as reserves, it is easy to see that the above definition is insufficient to achieve this. As to disclosure of move-

ments in provisions, he is again wrong. Published accounts do not ignore the law in failing to disclose movements in current asset provisions, because there is specific exemption from such disclosure. "There shall be sbown ... the amount, if material, set aside to pro-visions other than provisions for depreciation, renewals or diminution in value of

assets. . . That means disclosure of movements in liability prorelating to disclosure of the actual amounts of provisions (in the balance sheet) Is similar. Disclosure of depreciation provisions and movements therein separately required by another paragraph, and so the only provisions which need not be disclosed at all are those relating to non-fixed assets such

H. Matthews, 17 Main Anenue. Wyndham Pnrk,

#### Lacking a Telex in dockland

From the Chairman Jonsel Robi Cradles Sir,-Having been persuaded by advertizements showing the advantages to companies of the dockland developments schemes and having been given a lot of belp by the London Borough of Newbam, the company of which I am chairman decided last year to move to docklands. With one major exception the move has been successful. That exception

is the Post Office.
In April 1979 we applied for a telephone line for our new premises. We moved into the remises at the heginning of July 1979. In splte of vigorous protests we didn't receive a telephone line until the end of September. To try to run a business which is both exporting and importing without telephones is near impossible. We managed to overcome thia

At a time when the conntry has 1.6m nnemployed only monopoly industry could operate in the cavalier fashion of the Post Office. The vast profit that is made by the telecommunications division is made not through efficiency but through its monopoly power. If Margaret Thatcher wishes to get the country back on its feet she should introduce a short Bill denationalising the Post Office and sholishing its mono-Office and abolishing its mono-poly powers. Until that is done may I say to any company contemplating a move into dockland—don't—until you know that the telephones and Telexes have been connected. John E. Strafford, Jonsel Kobi Cradles, Oriental Road. Silvertown E16.

#### Customers make employment

From Mr. A. Braiey Sir.—It is unfortunately typical of Labour Party and trade union thinking that Mr. R. Hardle of the Amalgamated. Union of Engineering Workers can write a longisb latter to you 11 Dortmouth Street SW1.

While I agree with Mr. (June 25) on an industry's problems without once showing sign of recognising that goods bave not only to be produced, but sold, and sold at arm's length to buyers with limited purchasing power and alterna-

tive sources of supply. This means that the custome king, and that in turn means that products must be of the kind be requires; they must be efficiently produced; they must he properly marketed and supported; and as such, they must beat the competition. For anybody to talk about

job-loss, job-creation, job-location or "a massive programe of public investment in industry" without baving these factors in the forefront of his wind. In fact, your own first leader in the same day's issue brings out all the main issues that have to be faced.

What is so tragic is that hundreds of thousands of Britons are suffering the physical and moral wounds of unemployment which, though doubtiess inevitable in the aftermath of the Organisation of Petroleum Exporting Countries revolution and world recession. is far more widespread than it need have been if all concerned heen more far-seeing, imaginative and flexible.

British industry need not die, hut the price of survival is readiness to adapt to change instead of ignoring or trying to A. Braley. 93, London Road.

#### Knebworth, Herts. Transport in

London

From Professor P. Hall Sir,-Anatole Kaletsky's excellent article (June 23) on the crisis in London Transport omits one vital point: that its problems are massively exacer-bated by the parallel management failure in the Greater London Council, whose long established policy of traffic restraint has completely broken down in the face of a 57 per cent shortage of wardens and fines at derisory levels— both results of galloping

inflation. Westminster City Council has stated that there are now as many illegally parked cars in central London as legally parked ones. And Sir David McNee, in a paragraph of his latest annual report that has been curiously ignored, predicts that on present trends London's traffic will reach paralysis in

two years' time. We propose a doublebarrelled remedy: charges on driving in central London (following the successful Singapore model), the proceeds to be applied to higher public transport subsidy to improve services levels as suggested in your article. Unless the balance is redressed in this way, Londoners will continue perversely to bave an absolute incentive to use their cars while London Transport is trapped in its vicious spiral of rising fares and declining service.

The article also failed to emphasise the massive problems caused to public transport management by responsibility being split between so many different bodies-in particular. British Rail and London Trans port. We propose a unified transport authority for all public transport servicing th Prof. Peter Hall,

Fobian Society

#### GENERAL **Today's Events** UK; UK official reserves

(No. 2) Regulations. Capital issues and redemptiooa (June) Honse of Lords: Housing Bill, committee stage. Debate on the National Economic Develop-

ment Council meets. Michael addresses annual meeting of National Federation of Housing Associations, 66, Portland Place, Overseas: Court of Appeal in

Paris ruling on extradition of Lord Kagan to UK to face criminal charges. PARLIAMENTARY BUSINESS House of Commons: Debate on

(June).

EEC Budget Select committees: Foreign Affairs. Subject: Effects on British Foreign policy of Soviet expansion in Afghanistan. Wit-

nesses: Foreign and Common mission (Room 6, 430 pm). wealth Office (Room 15, 10.30 COMPANY MEETINGS am). Energy, Subject: Isle of Grain power station. Witnesses: CEGB (Room 8, 10.45 am). Industry and Trade. Subject: Import and export trade. Wit-nesses: ICI (Room 16, 10.45 am).

Witnesses: Department of In-dustry, NEB (Room 16, 4 pm). Transport, Subject: Changel Link, Witness: Sir Alec Cairu-eross (Room 17, 4.15 pm). Employment Subject: Work of Department of Employment Group, Witness: Mr. G. Howard, director, special programme division, Manpower Services Com-

British Home Stores, 129, Marylebove Road, NW. 11,30, Cater Ryder, 1, King William Street, EC. 12,30, Edinburgh General Insurance Services, Stooebouse Court, EC, 12. EEC documents on covergence Transport. Subject: White Paper broke Group, Winchester House, and Budgetary questions. on roads. Witnesses: British EC, 11. London Trust, Con-Motion to approve Education Roads Federation (Room 17. naught Rooms, W. 12. J. Sains-(Publication of School Proposals) 11.30 am). Public Accounts. bury, Coonaught Rooms, W, 12.

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## Imperial Continental Gas Tricentrol over shows 15% profit rise

Continental Gas Association rose by 14.9 per cent from £33.39m to £38.35m, in the year ended March 31, 1960, on lurnover 21.3 per cent higher at £227.74m, against £167.72m.

The pre-tax advance was helped by a 14.1 per cent increase to £12.34m in share of associates profits, and an 11.8 per cent rise to £6.59m in investment income. There was also interest receivable of £1.1fim, compared with £0.42m payable.

The share of associates repre in Belgian public utilities, while investment from income includes dividends paid by Petrofina and

The net total dividend is atepped up from 1fi.088p to 21p, with a final of 13p, as forecast in February at the time of the acquisition of CompAir. A twoforone acrip Issue is also pro-posed. Stated earnings per £1 share are fi.15p higher at fi2.58p. Tax took £10.46m, against

Calor Gas Holding Company one of the group's main UK subsidiaries, raised taxable profits by 5.9 per cent to £13.2m (£12.46m), on turnover 23.2 per cent ahead at £206.83m (£167.55m).

Century Power and Light, the

group's oil and gas exploration and production offsboot, swung from pre-tax profits of £839,000 to losses of £234,000. This was relating to the financing of the development of the Maureen oil field. Turnover rose slightly to

Although the directors con- had a good enough increase in fully taxed earnings; the shares sider it appropriate to treat volume in the first nine months are not exactly cheap, but sellers CompAir as a wholly-owned sub- of the year to March to make up are scarce. Although the directors con-

#### HIGHLIGHTS

The Lex column discusses the implications for share ownership set out in the Green Paper and analyses the £26.ām rights issue Isunched yesterday by S. and W. Berisford, the commodity group whose bid for British Sugar Corporation is the subject of a reference to the Monopolies Commission. The column also tests the City's reaction to the placing of the NEB stake in Ferranti. Elsewhere, the proprietors of Hay's Wharf has received an approach from the Kuwait Investment Office and Britannia Arrow is getting together with the Schlesinger Unit Trusts stable. Courage has acquired a controlling stake in the "Happy Eater" fast foods chaln. Profits from Imperial Continental Gas expanded by £5m to £36.4m and the group is proposing a scrip issue. Avana has performed well in difficult conditions but the collapse in demand for sugar confectionery has hit Geo. Bassett. Tricentrol, reporting unexpectedly early. has hoosted profits and placing shares in the U.S.

sidiary as at March 31, 1960, its for a poor final quarter, the

	_	Y	105
		1979-80	1978-
•		£000	ഇര
	Тигпочег	227,738	187.7
	Trading profit	18,267	17, 1
	Associates	12,336	10.3
	Investments income	6.589	5.8
	Interest receivable	1.161	143
	Profit before tex	38,353	33.3
	Тэж	10,462	9.3
	Net profit	27.391	24.0
	Minarities	85	31
	Exchange losees	969	31
	Attributable	25,837	23.4
	Dividends	9.006	7.5
	Retained	17.831	15.9
	1 Payable	2.	

comment

The results from IC Gas are eminently satisfactory; Calor Gas

sidiary as at March 31, 1960, its accounts have not been consolidated since it would have been impracticable and would have involved expense and delay out of proportion to the value to stockholders, they state.

Year
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1979-80 1979hase (now enlarged by CompAir which, although trading to budget at the moment, may find the going very bard later this year). The market seems indifferent to delays in the Maureen production schedule, so long as indications from the magical "T" block are good. Taking a line through LASMO, half the capitalisation may be accounted for by oil that has at least three for by oil that bas at least three this basic the industrial interests

### Tensia purchase gives BP stake in Continental detergent market

BY RAY DAFTER, ENERGY EDITOR

British Petroleum is to buy the bochemique SA and 18 per cent equipment to the oil iodustry, Belgian Tensia Group, one of by UFI SA. Carbochemique and general industry and municipal Belgian Tensia Group, one of Western Europe's major deter- UFI are controlled by Societe gents manufacturers, for a sum belleved to he between £25m

wider diversification strategy, sols, softeners, toiletries, coswill give BP an important stake metics and specialities. The in the growing Continental detergents market. It already has a significant share of the UK market following its takeover in 1978 of Rohert McBride

Tensla, whose gross sales last year totalled some BFr 6bn Western European soaps and (£93.7bn), is based in Liege detergents market, Tensia is rewith main production plants in

for the private lahel market a wide range of household and industrial detergents and allled products. Its main husiness is of the City's biggest take-over carried out through wholly-own subsidiaries in Germany, Benelux. France, Italy and the UK, through associated companies in Switzerland and Spain, and agents and distributors to other substantially in excess of £300m.

parts of the world. BP, which already has 1,300 subsidiary and associated companies, said yesterday that Tensia would continue to operate independently. Tensla was formed in 1950 and is owned 55 per cent by Groupe Industrielle et Financiere Mosane SA

Generale de Belgique.

elleved to he between £25m In addition to manufacturing detergents, Tensla produces

The acquisition, part of a soaps, cleaning products, aero three main companies-Tensia (Belglum I, August Luhn Seifen fabrik (West Germany) and Vetira-Romance (Holland)—em-ploys some 1,600 people in

cognised as having a strong Estaimpuls, Lembeek and Liege growth record over the past few

(Belgium). Zaandam (Hollandi and Wuppertal (West Talks are still continuing heter tween BP and representatives hiends and packages — mainly for the private label market — Selection Trust, a leading min-Selection Trust, a leading mining finance house, as a prelude to who could prove to he one deals. BP, whih made a bld approach io June, expects talks could continue for a few more weeks. If the negotiations are successful BP could enter a bid

AMERICAN BUY Serck Limited has acquired the whole of the issued capital of Baker Filtration Company, of Huntingto Beach, California, for a cash coosideration of £1.64m. Baker Filtration supplie supplies

projects.

The acquisition gives Serck, heat exchangers and valves; control equipment, vehicle exchange parts, etc., access to the Amerlcan markets served by Baker and is another step io its strategy for expansion into higher techno-

logy areas.
In 1979, Baker Filtration earned profits before tax of £217,000 and had net assets of

## Brewery

enabled Bnrlonwood Brewery Company (Forshaws) to lift taxable profit from £1.56m to £2.17m for the year to March 31. Sales were £1.87m better at £14.6m.

At half-time, when profit improved to £1.08m |£879.239|, the company warned that trading conditions indicated that overall growth may be difficult to maintain in the second six

Stated earoings for the year were ahead 3.6p to 27.6p per 25p share and the net total dividend stepped up to 4.515p (3.588p) by a 2.82p final. Net profit reached \$1.19m (£1.05m) after tax up from

LCP You'll like the way

## £19m halfway

ALTHOUGH ESTIMATED pre-tax profits of Tricentrol advanced from £4.02m to £7.86m in the second quarter to June 30, 1980, they were down on the first quarter's figures of £11.73m. The second quarter's estimates are below those for the first three months because of lower Thistle Field production due to a breakage in the Thistle/ a breakage in the Thistle/
Dunlin pipeline. Temporary
mechanical repair work was also
required to the water injection

The board states that delay in current production in an environment of increasing prices environment of increasing prices is not considered to be against the company's longer term interest. Turnover for the second quarter was up from 253.95m to £65.55m for a six months total of £131.64m, compared with £101.52m.

Petroleum revenue tax for the six months was £7.02m (£2.05m). with the second quarter laking £2.95m (21.15m). Corporation tax in the first half amounted to £5.01m (£1.13m) with the second quarter accounting for £2.17m (£530,000), leaving net profits after six months at £7.5fim, com-

pared with £4.03m.
As a result of the present UK economic recession and the high cost of borrowing, commercial operations experienced a modest loss in the second quarter and for the half year their contribu-tion was less than half of the equivalent period of 1979.

Earnings per 25p share for six months to June 30 arc shown as 14p 19.3p) hasic, and 13.6p (9p)

Tricentrol is a British international resource exploration and production company with ranging commercial

activities.

#### equipment related to the all-im-portant Thistie field. Strong sterling also cut into oil revenues. Triceptrol derives around three quarters of its pro-fits from the North Sea, where it holds a 9.6 per cent stake in Thistie; and difficulty there has an immediate impact on group earnings. On the commercial side, there was a second quarter loss, but the company has not provided details. To complicate matters, interest charges are well up, partly because of recent acquisitions. The market was certainly taken by surprise yester-day since Tricentrol figures were not expected at this stage and the reason behind it is a large North American placing of shares, a controversial move which may be used for future acquisitions. No Interim dividend has yet been announced, but the group's historic yield is 2.5 per cent.

#### Tesco tax relief challenged

challenging Tesco, the super-market group's, claims for tax relief on two separate accounts. it is revealed in the annual report and accounts published yesterday. The company is resisting both challenges. The Revenue is refusing to allow claims for group relief on an associated company's capital allowances worth £8.6m. At the same time there is a challenge Although Tricentrot's therein double last year's, second quarter earnings are down by a third on the first three months of the year. The cause of the shortfall was a pipeline breakage and same time there is a challenge on the stock relief front, where the Revenue argues that the launch of Operation Cbeckont in 1977 changed the nature of the group's trade and therefore reduced the amount of the rise in stocka to which relief is applicable.

#### Second-half setback as Rexmore falls to £0.89m

A DROP of £467,000 to £892,000 year, however, and Is concennexmore, supplier and distribu-tor of fabrics, for the year to March 31, 1950. At the balfway stage, pre-tax profits advanced from £701.012 to £786.469.

The full-time pre-tax figure was struck after so exceptional loss struck after so exceptional loss this time of £143,000.

After a £57,000 tax charge 1849,000 credit), extraordinary debits of \$286,000 (\$227,000), in-

lusted 4.4063p). Turnover for the year moved ahead from £38.18m to £39.85m.

comment

Fabric supplier and distributor Rexmore made a 14 per ceot profit gain at the trading level but then saw the improvement more than wiped out at the pre-tax level by high interest charges. All divisions of the company did well except the upholstery weaving division, which is fighting imports of draion velvet, and made a loss for the year. The division has been recovered and has now been reorganised and has new polypropylene products that the company hopes will do better.

Proposals for amendment of the Trust Deeds constituting Lonrbo's unsecured load stocks have been sanctioned by holders of the stocks. The limit deblis of £736,000 (£727,000), in-levest charges up from £438,000 to £1,02m, and dividends, which absorb £500,000 (£427,000), the retained profit came out at £43,000, compared with £747,000. limit contained in the company's Stated earlings per 2'p share articles of association, and the are down from 13.7p to 8.13p, and the final net dividend is effectively raised from 3.1382p to 1983, and 81 per cent convertible unsecured loan stock, 1981-84.

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## Bassett plunges to £1.3m loss and passes final

hecause, the board says, all re-sources should be concentrated on the vital task of profit me-covery, combined with a sub-stantial reduction in bank borstanial reduction in bank bor-rowing. The interim payment of 1.63625p thus represents the total for the year, compared with fi.54123p in 1978-79.

A further 250 redundancies have been declared, in addition to those at the Uddington con-fertionery factors which is being

fectionery factory which is being phased out hy mid-July.

Interest charges this time jumped from £621,000 to £1.22m, and the pre-tax loss is also struck after an exceptional debit of £260,000.

Despite an 8 per cent decrease in domestic sales throughout the industry, due largely to higher VAT, the sngar confectionery division produced reasonable trading profits, say the directors. It lifted turnover from £31.5m to £34m and stepped up its UK market sbare by 0.6 per cent. The declina in UK sugar confectionery business had an adverse effect on substdiary GDS Transport, which was almost totally geared to this trade, and

channels.

The financial advantages gained by Patterson's Scottish Shortbread from the successful move of Purdy Cakes from Great Yarmouth to Livingston were offset by a general decline in the UK hiscuit market in the final character.

Trance, but fitted third failed, but first finance, but fitted third failed, and first finance, but fitted third failed, but first finance, but first finance, but fitted third failed, but first finance, but fitted third failed third failed, but first finance, but fitted third failed thir In spite of a sbarp fall in toys

In spite of a sbarp fall in toys and games sales, Adam Imports and A.A. Hales contributed substantially to profits. Pied Piper Gonfectionery and Remus Play Kits were sold during the year for satisfactory prices.

• Comment

Catastrophic second half giures wiped 11p off Bassett's share price at 45p yesterday. After a modest first half profit, a steep fall in demand for sugar for satisfactory prices. for satisfactory prices.

The growing strength of the pound and the widening differ

ential between UK and overseas rates of inflation led to increased losses in the export husiness.
The costs of this side are heing reduced by eliminating all small shipment business and the wide

AFTER a midway dive in pre-tax profits from £1.51m to £0.23m, George Bassett Holdings, con-fectionery manufacturer, has fin-isbed the year to March 31, 1980 with losses of £1.31m, compared with a surplus of £1.33m. The final dividend is omitted hecause, the board says, all re-lated by Patterson's Scottish Patterson's Scottish

is being closed down.

a steep fall in demand for sugar confectionery and befty interest charges pushed the group beavily into the red for the full year. Volume was down in every division and there is no prospect of a significant recovery until the sugar confectionery market picks Despite an 8 per cent decrease in domestic sales throughout the industry, due largely to higher VAT, the sngar confectionery division produced reasonable trading profits, say the directors. It lifted turnover from £31.5m to £34m and stepped up its UK market share by 0.8 per cent.

The declina in UK sugar confectionery business had an adverse effect on subsidiary GDS Transport, which was almost totally geared to this trade, and which in turn added to the problems of the special foods, leisure and distribution division.

Losses are being stemmed by disposing of, or letting out, sur-

## Shipping and engineering sides help boost Ropner to £4.4m

the sbipping and engineering a final of 2.5p. Stated earnings and other electronic equipment and olift profits hefore tax from ended March 31, 1980, Turnover expanded to £23.36m, against the sbipping and engineering a final of 2.5p. Stated earnings and other electronic equipment and other electronic equipment

Midterm profits moved abead to £2.03m (£1.71m), and the directors expected full-time re-sults would show a significant

sults would some increase.

Profits of the shipping division advanced from £879,000 to £1.32m

Extraord, debits

Available ovidends

Ovidends in the year, while engineering jumped to £2.71m (£1.63m). Property development contributed £626,000 (£313,000), but insurance broking slipped to £293,000 (£325,000). Investment income was lower at £250,000

Tumovar
Profit
Asqoclates
Interest
Profit before tax
Tax

comment

spending has been a major boon (f420,000). for Ropner. Its engineering multiple of 5.3 on stated division, unaffected by last year's earnings provides a reasonably from £717,000 to £803,000. The total dividend is stepped two-thirds on the back of Navy industry.

IMPROVED porformances on up from 3.1959p to 4.5p, with contracts for communications rates also belped profits, as did the performance of the Stooepool, the group's only vessel on the spot market. Property earnings rounded off the improved picture as a rise in land values and timely completions doubled profits in this business. Ropner looks well placed to continue its profits growth this year, although property may not contribute as much as last time. On a total The national increase in defence net dividend up 41 per cent, the yield of 7.5 per cent at 88p is quite reasonable and the multiple of 5.3 on stated earnings provides a reasonably

## **English and Overseas suspended**

DEALINGS IN the sbares of year ended March 31, 1980. Turn- in profits from Malawi and ments bave been suspended at the directors' request following approaches by two parties which may lead to offers heing made. The group's interests cover publishing, wholesaling and retailing of fine art reproductions through its Athena subsidiaries.

and making dry bulkers and equipment.
Mr. J. T. S. Bower, an executive director of Amex Bank, has resigned as a director of English and Overseas and its auhsidiaries to avoid any conflict of interest which may arise from Amex Bank's continuing role as the group's merchant bankers.

The group bas also reported a downturn from £549.123 to £435.919 in taxable profits for the

(£7.69m). Mr. Colin Jefferles, chairman. says the VAT increase and a slowdown in the tourist trade resulted in a shortfall in budgeted turnover and profits at Athena. The directors are pur-chasing a vigorous policy of stock reduction, designed to cul bank borrowings.

Results of the Metalair subsidiary were on target and profits were a record. However, there bas been a reduction in the level of new orders since the Overall, the directors consider

the results aatisfactory bearing in mind bigb interest rates and publishing side sales which started falling below budget in the second half of 1979. The net total dividend is beld at 0.875p, although the final is reduced to 0.4375p (0.485p). Stated earings per 10p sbare are down at 1.76p (3.94p).

Tax charge was substantially higher at £254,369, against £143,336p. Of this £52,000 related to a prior year'a stock relief and the balance is now necessary be-cause of the expected reduction

LAWRIE PLANT The Indiamsation of a number of subsidiaries and a reduction reduce overseas earnings of Lawrie Plantation Holdings for 1979; state the directors in their interim report. But this will be partially offset by increased investment and interest earnings

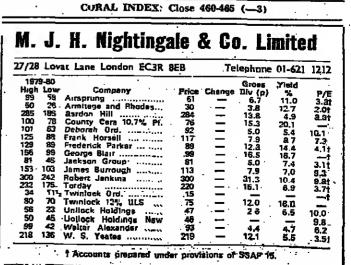
in the UK. The group's Indian earnings will be effectively excluded from the results following the sale of Jokai Tea Holdings in July, 1979, and the Indianisation of the Jhanzie, British Indian Tea, Dejoo and Harmutty subsidiaries. Pre-tax profit for 1978 amounted

#### Exceptional credit boosts Kenning Ests.

Taxable profits of Kentrings Estates, subsidiary of Kenning Motor, rose in the half year to March 31, 1980, to £1.99m against £758,000 after an exceptional gradit of £1.8m credit of £1.18m.

Turnover of the conpany, which or us and lets projecties
—mainly to the parent and
other subsidiaries—increased
from £882,000 to £901,000. Tax
took £423,000 (£408,000). Profit for the 1978-79 year was £1.61m (£1.4m).

#### DIVIDENDS ANNOUNCED Date Corre Total aponding for payment payment Avana Group. Geo. Bassett Hldgs ..... nil Burtonwood Brewery ... 2.39 0.49 12 0.82° 1.5° 3.14° 2.01 1.75° Dom Holdings 3.73 English & O'seas Inv. 0.44 I.C. Gas 13 Aug. 29 I.C. Gas Marsinn Thompson ... July 29 Oct. 2 Aug. 22 Prop. Holding Tst. ..... Rexmore ..... Ronner 2.5 SGB int 2.3 Wlaterbottom Inv. int 3.5 Aug. 22 Sept. 18 Aug. 13 Dividends shown pence per share net except where otherwise stated Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.



we're letting business 1990 1960 1970 1980 investment property assets have grown from

From a small beginning in 1960, two decades later the LCP Group's industrial lettings have risen to 2.5 million sq. feet of modern high quality buildings on well planned estates. A further 0.5 million sq. feet is scheduled or under construction. The momentum shows no sign of slackening.

From our original base on the Pensnett Trading Estate, we now own five estates with a total land holding in excess of 300 acres. Our

£0.6m to £37m and annualised rental income

from £0.1m to £3.0m. In the 20 years the LCP Group has been a publicly quoted company, we have expanded our interests into vehicle, autoparts and fuel distribution, construction, building materials, metal products and we now have six divisions, including one for our overseas operations.

LCP has come a long way in twenty years.

ANNUALISED RENTAL INCOME Em 2.0 1.0 60 65 70 75 76 77 78 79 80

LCP Holdings Limited. Pensnett Trading Estate, Brierley Hill, West Midlands DY6 7LZ.

You'll like the way we're growing

## عكدامن الأحيل

## Avana passes £4m and raises dividend to 5p

With durnover up from £33,400 to £38.3m, taxable profits of Avana Group for the year to March 29, 1980, advanced from £3.52m to £4.15m.

Additionally half-year figures only fractionally ahead at 15.58m, compared to £1.41m, the Board was confident that dispite trading conditions becoming more difficult, results for the year would be better than last time.

The final dividend is raised from 2.35p to 3p net, which makes the total 5p, compared with 3.5p. Tax took £585,005, against

436,718, and earnings per 5p share are given as 17.38p The results of the cake manu-

facturer, baker and confectioner. and which is a major supplier to Marks and Spencer, reflect pro-duct and method development to gether with heavy capital spend-ing on new production lines.

The group has been able to cope with pressure brought about by fierce competition in the food manufacturing industry with an outstanding performance from its Fleur de Lys meat products subsidiary and the success of De

The current financial year has not off to a record-start and the board forecast that interim re-sults will underline progress in all divisions with De L'ora lead.

the group's future prospects.

Wilb a view to alleviating the uncertainty among shareholder

of William Press and Son, and having taken advice, the up-p-

Mover the past two years, much has been said outside the company about the action taken

by the loland Revenue aid the interminable delay in raching a conclusion has caused a good

deal of uncertainty to arround the company, Mr. Hawken

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date financial position regarding present more competitive with

alleged tax offences is set only opportunities not up to former the annual report. Mr. W.A. levels.
Hawken, chairman says. However the group is more

A note in the annual accounts Casb resources, deposits and says that the compittal proceedings against the group in down payment of 15m and respect of alleged the offences reached a particularly high level related to the past up of labour at the year-end of 118m.

related to the past we of labour at the year-end of filsm.
only, subcontractors/have been It is unlikely that this figure concluded.

Let concluded.

Let concluded.

Let consequence the board penditure in gearing up some its company and has received way in the early part of 1980, legal, advice that the company should be vigorously defended against the charges made.

Let some aware-of the case against large contracts which got under way in the early part of 1980, the chairman says.

An ordinary resolution is set down for the annual meeting seeking the reappointment of Arthur Andersen as auditors.

William Press explains that a beasonable provision for any liability relating a the past use of labour only abcontractors, to

bility relating 5 the past use of labour only spoontractors, to sether with tal claims raised on an auditors of the consider with tal claims raised on fill the casual vacancy in the resignation on Septembers and arillary costs, would not said after detecting the related according to the related according to the related corporation ax relief of £350,000.

The largest part of the considering the related corporation ax relief of £350,000.

The largest part of the considering the related corporation ax relief of £350,000.

The largest part of the considering the resignation on September 1979 of Tansley Witt. Tansley Witt. The largest part being taken over large accounting firms.

The largest part of the considering the casual vacancy of the considering the casual vacancy of the considering the casual vacancy of the considering the resignation on September 1979 of Tansley Witt. Tansley Witt.

the accounts, Mr. W. A. Hawken, of the company.

Accordingly, without admission, the about of £2m has been with the Southern and North charged in the profit and loss soccant if the year under review as a extraordinary item.

As show, profits for 1979 Colguy Holdings, a subsidiary of amounted to £8.63m against \$\text{Sir Robert McAlpine and Sons} \text{23 im before tax and the extraordinary debit} the sectors Mr. W. A. Hawken of the commany.

comment: lines and an insistence on is a measure of Avana's suc realistic pricing. With retallers

#### BOARD MEETINGS

year's timetable.
TODAY
Interime:—A. G. Barr. BiundellPermoglaze, Grandele.
Finals:—Catedonian Associated Cinamas, Hampton Gold Mining Areas, Sogomere, Symonds Engineering, Tech-nology Investment Trus: PUTURE DATES

Interiors;
Alexandere Discount
Investora Capital Trus; Hollse Hollis Bros. and ESA Kinte Kelles Rubbe Estates

cess at making capital spending ahow fast returns that the group invested around 5 per cent of sales on fixed assets last year and finished up with £3m of eash in the bank. Income from these deposits fatters the pre-tax margin slightly (it has increased from 10.5 to 10.8 per cent) but the major between the tree to the pre-tax from 10.5 to 10.8 per cent) but the major between the tree to the pre-tax from 10.5 to 10.8 per cent) but the main' reasons for the improved profits remain tight cost control, modernisation of plant, the introduction of new product

chairman, tells sbareholders that while trading is buoyant in some activities, conditions in certain contracting operations are at

However the group is more than maintaining its share of the available work.

The group's growth has followed closely the ever increasing demand for energy in the world but in addition, the group

continually seeks to extend its business in allied work by means of suitable trade investments and

as auditors of the company "to fill the casual vacancy created by

the resignation on September 21

Tansley Witt, a medium-sized

accounting firm; split up into four parts last September, each

part being taken over by other large accounting firms.

The largest part of Tansley Witt, the Southern and North West England partnerships joined Arthur Andersen.

The accounts also disclose that

applying beavy pressure on manufacturing margins, Avana has again been forced to turn business and the 14.6 per cent sales rise implies little if any volume growth. The com-pany is optimislic about the current half, with meat pies and fruit juice continuing to do well, and over the longer lerm there are major potential benefits from Avana's entry into the coffee market. At 140p, the shares trade at 14 times fully-taxed earnings and yield only 4.2 per cent. That expects a lot but Avana has a strong balance sheet, and an impressive record. Furthermore, it is likely to pay a low level of mainstream corporation tax for the foresee-able future. The yield is 5.2 per

#### Vearlings move up

The interest rate on this week's issue of yearling bonds is 143 per cent, up 1 per cent from last week. Issued at par, this week's yearlings are redeemable on July 8, 1981.

The issues are: Fife RC (£1m); Runneymede DC (£1m); City of Salford (£0.5m); City of Bristol (£1.5m); Kirkcaldy DC (£0.5m); Oxford City Council (£1m); Basingstoke and Deane BC (£1m); Colchester BC (£0.5m); New Forest DC (£0.75m); South Staffordshire DC (£0.25m). Staffordshire DC (£0.25m).
South Northamptonshire DC is raising £0.5m by way of 141 per cent bonds, issued at par, redeemable on June 30, 1982.

**Brown Shipley** 

LORD FARNHAM, chairman of Brown Shipley Holdings looks forward to the current year with mixed feelings but is confident that opportunitles for good business will still he available.

A year with more favourable interest rates would be welcomed by the banking business while insurance broking

would be encouraged by a year in which success overseas was not diminished by steeply rising exchange rates; the chairman

Group profits for the year ended March 31, 1980 after providing for tax and a transfer

to the laner reserve of the bank, amounted to £1.79m compared

Banking profits showed no growth but direct and Indirect activities overseas of the

force in a very useful profit rise.
The insurance companies in the U.S. and South Africa performed well but it was decided to close down the Australian operation, which has

heen transferred to another Australian insurance broking company in exchange for a small

equity interest.

The Jamaican company has

been merged with a comparable Jamaican broker and Brown

Shipley now holds 46 per cent of the equity in the new

Meeting, Founders Court, Lothbury, EC, July 23 at 12.30

up 26-5%

up 10-7%

up 14-9%

company.

Tenth year of Record

Specialist engineering group supplying wide range of industries

**Profits** 

1979

£51.34m

£6·16m

4-628p

amounted to £1.79m with £1.65m in 1979.

uncertain on

current year

The interest rate on this

#### **Appleyard** pulling out of Glasgow

Appleyard Group of Companies, the molor distributor, bas decided to make a phased withdrawal from Glasgow. The decision will involve the reducdancy of about 200 staff.

In a statement yesterday Appleyard said that "strenuous efforts have been made to make Appleyard (Glasgow) profitable, hnt losses of £386,000 in 1978 and £549,000 in 1979 have been followed by a loss of £230,000 in the first quarter of 1980. With Interest rates continuing at high levels, a falling total car markct, and BL's reduced market share, there is no hope of re-turning the company lo profitability in the foresreable future."
Negotiations to sell the Rolls-

Royce activities of Appleyard (Glasgow) are in orogress and It is hoped that this will reduce the number of eventual reduc-the number of eventual reduc-oancies. In a001ffon, the separate small BL branch at Helensburgh will be solo as a going concero. The group's Crow Road depoil In Glasgow is already being offered for sale and in duc course the Kirlee Road premises will

also he placed on the market.

The group reaffirmed its intention to continue its other operations in Scotland hased in Edinburgh, Renfrew and in Agr-

#### Year-end advance at Dom

A RISE from £1.34m to £1.43m Dom Holdings, retailer and manufacturer of fixing products, for the year to March 31, 1980.
Turnover advanced from £12.45m

W. Press reports on tax position to £14.91m.

After tax down from £639,944
to £366,637, stated earnings per
10p share are 14.17p compared with 9.37p, and the final dividend is raised from 3.39359p to 3.732p for a total of 5.704p (5.186041p). Mr. D. O. McIntyre, the chairman, has waived 99.9 per cent of his final dividend entitlement and this amounts to

Dividends absorb £220,604 (£148,360), leaving retained profits up from, £554,580 to profits up £841,818.

The company accounting policy for exchange differences arising on the translation of net assets of overseas subsidiaries has been charged. Such differences are now charged or credited to reserves. Figures have been restated.

#### Sales improve in UK for Spong

So far Spong and Co., hardware manufacturer and wire-worker, has not heen able to return to profitability, but sales of its kitchen products in the UK are nearly 20 per cent better than in the same period last year, says Mr. D. W. Spong, the new chairman in his annual record ware manufacturer and wire-

chairman in his annual report. As known, the company reported a pre-tax loss of £287,296 during 1879, against a £10,985 profit previously.
Commenting on these figures.

be says export sales continued their downward trend and finished 25.4 per cent below those for 1978. Despite the company's efforts to hold export prices, the strength of sterling and high inflation rates in the UK made its products uncompetitive in many markets.

He says it is not possible to foresee any improvement in export sales while these condi-tions prevail. There was subsidised competition from Czechoslovakia, East Germany and Poland.

The company has borrowed beavily to invest in plant and equipment and a new range of products to improve the future prospects, be adds.

But he says it would be fool-hardy to do more than indicate the encouraging features that exist and reiterate its determination to minimise the drain on the company's resources.

He is bopeful that a rapid change in the economic climate will soon result in an improve-ment for its fortunes. Oo a CCA basis, the historic ore-tax losa would increase to £383,968 (£61,594). Meeting, Basildon, August 14, 11.30 am.

#### Notice of Advertment at Conversion Price ALASKA INTERSTATE COMPANY-

(Second) ALASKA DYTERSTATE
INTERNATIONAL FINANCE CORPORATION) 6% Convertible Debentures Due 1987 Pursuant to Section 13.05 of the Indenture rursuant to Section 12 to on the machine dated as of August 1, 1972 between Alaska Interstate International Finance Corporation and Bankers Trust Company, as Trustee, notice is hereby given that the previous conversion price of \$44.50 of the 6% Convertible Debentures of Alaska Interstate International Finance Convertible Debentures. Interestate International Finance Corporation has been adjusted in accordance with the provision of Section 13.04 of the aforesaid Indenture, and that such adjusted conversion price is \$22.25 effective as of the close of business collame 6, 1980, the record date for the 100% stock dividend of Alsaka Interstate Company.

Dated: June 30, 1980

\* Financial condition continues to be excellent, with net cash and Government securities of £7.7m.

\* Surplus of current assets over liabilities up by 42% to £21m.

\* Capital expenditure of £2.5m, mainly on new machinery.

Copies of the report and accounts are available from the Secretary

1980

Turnover

Pre-tax Profit

Total net Dividend

£64.95m

£6-82m

5.315p

Chairman, Mr. Thomas Kenny, FCA reports:-

\* Group exports increased 34% to £8.6m.

\* Record profit achieved despite effects of 9-week

engineering disruption and 13-week steel strike.



## Repair costs leave PHT £1m lower

REFLECTING the cost of excep-tional repairs to properties antiand Investment Trust fell from 12.24m to £1.25m in the year to

But the board says that exist-ing resources are wholly capable of meeting the group's authorised commitments, bearing in mind the aiready announced intention 10 realise some less-important properties. They expect net income from properties to reach £5m in 1983 and anticipate recom-

mending increased dividends. This year's payment is effectively raised from 2.5p to 2.8p oet with a final of 1.65p.

The exceptional repairs cost £1.22m (£168,000), teaving net property income £0.76m lower at £1.97m. The board is advised that claims for recoveries amounting to £0.76m are oroperly due, but no credit for recovery has been taken in the accouols since tenants are dis-

puting their liability.

The ore-tax surplus includes other income of £407,000 (£392,000) and is struck after interest of £742,000 (£507,000) and expenses £381,000 (£275,000). Net revenue, after tax of £0.59m (£1.12m), fell from £1.13m to £663,000 and earnings to 1.78p

property companies at the year fax revenue of Property Holding end has produced a surplus of and Investment Trust fell from \$42.5m over the book value of £44.5m, lifting the net asset value by 24 per cent to 201p per share after adjustment for last year's two-for-one scrip issue.

The portfolio of GM Properties, acquired on November 30, 1979, was revalued at the year end at £3.86m, an iocrease of £1.66m over the valuation at September

lasi year. One major project was nearing completion at the year end and another will be finished and producing income by early 1981, say the directors. A substantial refurbishment will get under way shortly and other projects are being actively considered.

Attributable assets amounted to £33.42m (£31.28m), including investments at market value of £1.42m (£2.91m) and cash and short-term deposits of £0.78m

#### MARSHALL **CAVENDISH**

Marshall Cavendish has sucessfully resisted an attempt by Singapore's Times Publishing to company fell from a £40,000 pre-install two directors on its tax profit into a £138,000 loss for hoard. The Times move follows the six months to March 31,

revaluation of properties its "dawn raid" through stock-interests in associated broker Rowe and Pitnian last month, in which it hough! up 27 per cent of the British company's shares.

> Marshall Cavendish chairman Mr. George Amy, who declines to name the Times nominees, says the minority bolding has had no effect on his group's trading, and he has had no indication that Times plans a full bid:

#### **Glanfield** Lawrence in loss

AN OVER supplied velucle markel and high money costs pushed Glanfield Lawrence. motor distributor and engineer, into loss for the first half of 1979-SO. Also the directors warn that it is doubtful whether the company will make up for the sethack over the rest of the year.

After hank and loan interest up from £115,000 to £153,000, the company fell from a £40,000 pre-tax profit into a £138,000 loss for

The saturated money costs lead to considerable pressure to reduce stocks and profit margins became insufficient to cover establishment costs the directors explain.

In addition, two branches suffered severely in South Wales where trading conditions had been badly affected by the steel

However, action has been taken which will lead to a cut in losses and reduce the company's commitment in that region. Overall current trading con ditions remain difficult, and the

ados. For 1975-7 £156,000 (£71,000). For 1975-79 profit was £68,000, against a £17,000 surplus. after a tax credit of £70,000 (charge £23,000).

outlook for the remainder of the

year is uncertain, the company

Sleetley Minerals, a wholly-owned subsidiary of the Sleetley Company, has acquired Thomas Hill-Jones, of Stratford, East London, which had a turnover of £1.1m in its last financial year.

and supply black minerals, mainly manganese ores and

Tais amountainest complets with the requirements of the Council of The Stock Exchange in London

#### LONRHO

#### International Finance N.V.

(Incorporated in the Netherlands Antilles with limited liability)

U.S. \$40,000,000 12 per cent. Bonds 1988

#### LONRHO LIMITED

(Incorporated in England with limited liability)

ISSUE PRICE 100 per cent

The jollowing have agreed to subscribe or procure subscribers for the Bonds:

STANDARD CHARTERED MERCHANT BANK LIMITED BANQUE NATIONALE DE PARIS

BERLINER HANDELS- UND FRANKFURTER BANK RICHARD DAUS & CO., BANKIERS

DG BANK Deutsche Genossenschaftsbank SWISS BANK CORPORATION (OVERSEAS) LIMITED

The Cnuncil of The Stock Exchange in London has granted permission for the 40,000 Bunds of \$1000 each constituting the above issue to be admitted to the Official List, subject to the issue of the Bonds. Interest is payable annually on 15th July, the first such payment being due on 15th July 1981.

Particulars of the Bonds are available from Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 16th July 1980, from:-

Carr Sebag & Co., (Brokers) Windsor House, 5th Floor, 39 King Street, London EC2V 8BA

BANQUE BRUXELLES LAMBERT S.A.

S.G. Wassers & Co. Lyn.

Standard Chartered Merchant Bank Limited, 33/36 Gracechurch Street, London EC3V 0AX



## **IBM Canada Limited**

U.S. \$50,000,000 101/2% Debentures due July 1, 1985

WOOD GUNDY LIMITED Morgan Gearanty Ltd

SALOMON BROTHERS INTERNATIONAL

A.E. Ands & Co. Amsterdam-Rofferdam Bank N.Y. ALGENERE RANK NEDERLAND N.V. BANK OF AMERICA INTERNATIONAL THE BANK OF BERGIND

BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

BANK LEU INTERNATIONAL BANK OF TORYO INTERNATIONAL BANQUE DE L'INDOCHINE ET DE SUEZ

BANQUE NATIONALE DE PARIS - BANQUE DE PARIS ET DES PAYS-BAS - BARCLAYS INTERNATIONAL GROUP - BARING BROTHERS & CO., BERGEN BANK CHENICAL BANK INTERNATIONAL

BERLINER HANDELS COD FRANKFURIER BANK CARSE DES DEPOTS ET CONSIGNATIONS CHASE MANHATTAN COMMERCEANE COPENHAGES HANDELSRANK CHRISTIANIA BANK OF KREDITKASSE CITICORP INTERNATIONAL GROUP CREDIT SUISSE FIRET BOSTON

CREDIT LYONNAES COUNTY BANK CREDITANSTALT-BANKVEREIN CREDIT COMMERCIAL DE FRANCE DEN DANKE BANK

DEN YORSKE CREDITALNE EUROPEAN BANKING COMPANY GODDMAN SACES INTERNATIONAL CORP. GREENSHIELDS

DOMINION SECURITIES

DRESDNER BANK GROUDEMENT DES BAXODIERS PRIVÉS GENEVOIS

STRAUES, TURNBULL & CO.

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JARDINE FLENING & COMPANY Kinner, Peabout International HAMBROS BLYK HILL SAMUEL & CO. IBI INTERNATIONAL KUWAIT LIVESTMENT COMPANY (S.A.K.) KREDIETRANK N.V. KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K. KLEINWORT, BENSON

MANUFACTURERS HANOVER LIZERO BROTELES & CO., LLOYIS BAKE INTERNATIONAL McLeod Young Were International SAMUEL MONTAGE & CO. MORGAN GRENTELL & CO. MERCILL LYNCE INTERNATIONAL & CO.

MORGAN GUARANTY PACIFIC MORGAN STANLEY INTERNATIONAL MEMBET, THOMSON ORION BANK PRAINTEN INVESTMENTS PRIVATEANNES A/S L. HETRY SCHRODER WAGE & CO. SAUGI INTERNATIONAL BANK N. M. ROTHSCHILD & Sons THE ROYAL BANK OF CANADA (LONDON)

SOCIÉTÉ GÉNÉRALE DE BANQUE S.A. Selndinaviska Energida Banken Société Générale Union Bank of Switzerland (Securities) STRUKA HANDELSRAVERY SWISS BANK CORPORATION (OVERSEAS)

All of these Securities have been mid. This monumers are appears as a matter of record only.

THE NEW THROGMORTON TRUST LTD. Loan Stock Valuation-

July 1st, 1980 The Net-Asset Value per LI of Capital Loan Stock is 252.66p calculated on Formula 1. Securities valued at middle market prices

#### **BIDS AND DEALS**

#### BELGRAVE (BLACKHEATH) LIMITED

Mannfacturers and Machinists of Engine Valves and Electrically Upset Forgings for the antomotive, agricultural, mining and machine tool industries. Hot and cold forged-fasteners for all users.

#### Return to Profitability

Year ended	31.1.80 £	31.1.79 £
Тиглочег	3,815,321	3,858,281
Group Profit/tLoss) hefore Taxation Profit/(Loss) Transferred to Reserves	92,169 19,212	(55,310) (67,381)
Dividends per Sharc Earnings per Share	1.5p 2.1p	1.0p (1.2p)

Extracts from the Statement by the Chairman, Mr. C. H. Pittaway. Results and Dividend

I am pleased to announce that the return to profitability forecast this time last year has been achieved despite the effect of strikes in the engineering, steel and transport industries and an unprecethe engineering, steel and transport industries and an unprece-dented level of minimum lending rate. The profit for the Group was £92,000 t1978/9 loss £55,000). Belgrave Engineering is now in a position from which it can make a better cuntribution to the Group although, as I write, the engineering industry, especially the automotive and tractor sections which absorb much of our production. is feeling the recession very sharply. The Directors nevertheless feel able to recommend an increase in the ordinary divideod from 'In per share to 1.5p.

Much of the reorganisation which I outlined in my statement las year is well advanced. The Engineering Company is now a separate operating unit with its own Board and has transformed a 1978/9 loss into a modest profit. All our steel is now stored and prepared in one place and our despatch and stores functions too have been unified. The finishing machines are already under one roof and management: and our forging operations will also be brought together. All concerned are taking advantage of these changes to reduce cost and working capital requirements with an effect on our overdraft which can be seen in the accounts, and in seeking new outlets for our products and services.

Finney has of course been a separate subsidiary for many years with its own Board. It has this year yet again increased its contribution to Group profits and I congratulate its Directora and

Belgrave (Blackheath) Lid. The Board of the holding company is now free to concentrate on strategic issues and has an ongoing programme associated with planning, rationalisation, finance, property and the development of Directors

I report with regret the resignation from the Board of Francis Durie Kerr who considers that time has arrived for his retirement. For many years, particularly when he was the only non-executive Director, he put forward the shareholders' point of view to the alternative industrial point of view of the executives. We shall greatly miss his attendance, help and encouragement at our meetings and wish him a long and happy retirement. The Board bas elected Dr. I. D. Nussey as a non-executive Director; you wilt be asked to approve this appointment at the A.C.M. He brings experience in management techniques from his association with international companies and from his position on several government hoards. We very much appreciate bls attendance at Board meetings and the investigations he has carried out.

I would like to recognise all those who have supported the Company in another difficult year. It is a measure of the loyalty of our employees that, at a recent Group recognition dinner, on fewer gold watches were presented for long service. It is only through the efforts of these and all our other employees that we have been able to bring the Company back to profitchility. I, and my fellow Directors, appreciate the support and co-operation that bas come from all sides. **Prospects** 

Company is in good heart and while the industries we supply and the short term economic climate do not seem particularly healthy, we are in good shape to remain competitive and profitable. BELGRAVE WORKS . HALESOWEN . WEST MIDLANDS

## SIMS goes to Britannia Courage buys control Arrow Hldgs. for £2.8m

BY TIM DICKSON

Britannia Arrow Holdings, the group formerly known as Slater Walker Securities, announced yesterday that it is paying £2.8m, for Schlesinger Invest-Management Services

merger Schlesinger and Britannia Financial Services, Britannia's investment management division, will create an investment management group with total funds of ore than £400m in unit trusts, pension fund, private client and institutional monies. The cumbined group expects to be the fifth largest unit trust operation in the UK. The terms of the deal are that

half the consideration for SIMS will he paid in cash, the rest by issue of 5.6m ordinary Britannia Arrow shares. Britannia Arrow shares. Of these 2.3m will be taken np by Mr. Peter Baker, Mr. V. Harris and Mr. F. Noyes, thrae SIMS directors who own roughly 20 per cent of the SIMS equity.

The rest of the newly created Britannia Arrow shares will

Britannia Arrow shares will he taken up by London Trust, already a major shareholder and now the holder of 17.68 per cent of Britannia Arrow's shares. Only last month London Trust expressed its keenness to increase its existing stake. As a the Schlesinger and Britannia result of this deal SEl Limited, names will be retained to prethe major stakeholder with serve the identity of funds.

roughly 80 per cent of the SIMS equity, will receive its share of the proceeds entirely in cash. Net tangible assets of SIMS and its subsidiaries at March 31, 1980 were £393,000. Profits before tax in the year to the end of March, 1979 were £153,000 hut in the year ending last March these had turned into losses of £39,000. SIMS funds currently

"The benefits of the merger will come both from extending the product range and through areas where we can coocentrate on putting things together. think this will be in the interests of both sets of unitholders and of Britannia Arrow shareholders," Mr. Stuart Goldsmith, Britannia Arrow'a investment director said last night.

Following completion of the

under management total £150m.

deal the new group wilt have 38 authorised unit trusts under its ctnorl, as well as 16 unauthorised trusts managed from Jersey There are no immediate plans to merge any of these funds, though Mr. Goldsmith acknowledges that in view of the many overlaps this is highly likely in the longer run. Unit bolders, however, will be fully consulted, and in the meantime the Schlesinger and Britannia

The joining together of the two groups' forcea in Jersey will create one of the biggest inoperating in the

As part of the deal Mr. Goldsmith and Mr. Alan Maidment, Britannia's managing director, will be joining the SIMS Board. Mr. Baker and Mr. Harris will he joining the Britannia Financial Services Bpard and Mr. Baker wil he joining the Britannia Arrow Holdinga Board

The merger increases apital employed in employed Britannia Arrow group to around £30m and to about £8m in the investment management side. This now makes investment management comfortably the largest activity of the group. Trident Life, tha unit linked

life assurance company recently sold by the Schlesinger Group to General Reinsurance Corporation of the U.S., but which still retains close investment links with Schlesinger, has welcomed the

As Schlasinger admitted last night, the unit trust industry has heen going through a lean time in the last 12 months. From Schlesinger's point of view the deal represents an arrangement which will provide greater security in the long run.

### Doubts over bid for Revertex

The UK subsidiary of Hoechst, after the formal offer document one of the "big three" West goes out next week.

German chemical groups, ia "We don't see any synergy,"

East London. German chemical groups, ia sceptical about Yale Catto's full £7m hid for Revertex Chemicals with which it bas a joint venture.

"I am a little hit disappointed that Yule Catto hid hefore we had a chance to weigh it up,' commented Mr. Norman Mischler, the chairman of Hoechst UK. "It came a bit sharply." Revertex has already come out against the bld.

Yule Catto, which already owns nearly 30 per cent of Revertex, last week said it was prepared to pay £5m to ohtain the rest of the sbares. The terms of its offer value the wonle company at around £7m, Hoechst and Revertex own a

joint company, Harlow Chemical, which makes resins. Last year, its pre-tax profits fell steeply from £1.1m to £569.000 on turnover up from £13.9m to £16.7m. Revertex's own profits were £2.1m before tax against £2.5m. Yule Catto and its merchani bank advisers, Mnrgan Grenfell.

have already held talks with Hoechst's German management which is reserving its position until the bid's outcome is known. Under the terms of the venture. Hoechst has the oolion to buy the rest of Harlow if control of Revertex changes hands, or to pull out altogether. Further talks are planned with the Steetley Company has acquired conditions of employment German and UK management through its subsidiary Steetley staff will not be affected

"We don't see any synergy," said Mr. Mischler. "If the bid hadn't bappened, we'd have been in Malaysian plantations, UK plastics and investment activities, while Revertex makes latex and other chemical compounds.

When stating its opposition to the hid, Revertex said Yule Catto did not seem aware of the contents of agreements hetween the company and its international If the bid succeeded, options could be exercised "to the

serious detriment of the on-going husiness of Revertex and its employees," it added. It said oo substantive talks or these points bad been beld with Yule Catto despite Revertex's requests for a meeting. Yester-day, Mr. Kenneth Bushell. Revertex's managing director, declined any further comment.

The Yule Catto hid is conditional on no changes occurring in any business agreements to which Revertex is now a party. Other major sharebolders Revertex are Prudential Assurance with 5.3 per cent and Britannic Assurance, with 7.7 per

STEETLEY/THOS. HILL-JONES

THJ, which bad a turnover of £1.1m in its last financial year, process and supply hlack mloerals — mainly manganese ores and graphite—which will compliment and expand the diverse range of speciality minerals supplied by Steetley.

#### LEX VEHICLE LEASING

Lex Service Group combard North Central has reached agreement to convert Lex Vehicle Leasing previously a wholly-owned substdiary of Lex Service Group, into a joiotly owned company on a 50/50 basis.

Lombard North Ceotral will subscribe £1m for new shares in Lex Vehicle Leasing, and Lex Service Group will also subscribe for new shares in order to bring its shareholding to the same level. As a result of the transaction Lex Vehicle Leasing will become an associated company rather than a subsidiary of Lex Service Group,

Management supervision of Lex Vehicle Leasing's operations will remain with Lex Service \$9.4m Group who will nominate the surplu

terests in restaurants by acquir-ing a 52.7 per cent stake in

of Happy Eater

Happy Eater The brewer is paying £605,000 for 220,000 new £1 Ordinary shares of Happy Eater, a family restaurant chain owned by Michael Pickard wblch will retain its present holding of 198,500 shares—47.3 per cent of the new equity of the company.

MPL is the private concern of

Mr. Michael Pickard, who is also chairman of Grattan Warehouses, the quoted mail order group. Courage, which has been panding its restaurant activities in recent years, mainly through the Falstaff Taverus chain in the north and Chaucer Inns in the South-east, has agreed to provide additional financial facilities over the next four years to meet Happy Eater's plan to double the number of its restaurants during that period to 32.

#### **AUSTRALIAN STAKE** SOLD BY NEI

Northarn Engineering Industries has sold its 39 per cent stake in International Australia Combustion approximately £8m cash. Combustion Engineering Inc., which holds 12 per cent of NEI's capital, bought 6 per cent of the shares, the rest being placed on the Australian placed οπ market.

Northern's share of the earnings of ICA consolidated into its group profits for the year to December 31, 1979, was \$1.3m. The company proposes to continue to expand its activities in Australia through its existing wholly-owned subsidiary NEI Engineering Pacific tPty.).

#### MOWLEM U.S. ACQUISITION

John Mowlem, the UK con-struction group, has signed a conditional contract to acquire the capital of Solitest of Illinois for \$9.4m (£4m).

Soiltest's business is the manufacture and distribution of testing and laboratory equipment for civil engineering and general construction, as well as the related technical education market. Soiltest sales during the year

shout half were exports. The price consists of \$8m cash

and \$1.4m promissory notes, navable over five years. A further \$1.1m in the form of contingent note becomes payable over six years if certain levels of profit are achieved. Mowlem has made long-term arrange-ments for the financing of the The purchase consideration is

89.4m (including revaluation surpluses over book value of managing director. Terms and \$1.4m). Net profits before tax conditions of employment of the staff will not be affected.

during the past five years have been between \$2.5 and \$0.6m.

#### More O'Ferrall expands in Belgium

More OFerrall, tha outdoor advertising group, has agreed to buy Saga SA of Belgium for BFrs 12m (£181,818) plus an amount equal to the agreed after amount equal to the agreed after tax profits of Saga for the six months to June 1980. The acquisition is being made through a French subsidiary More O'Ferrali SA.

More O'Ferrali estimates that these profits will not total more than BFF 660,000 (£10,000). Saga is involved in locations advants.

is involved in outdoor advartising within Belgium and made profits last year of BFr 1.47m (£22,314). Its assets total £22,314).

BFr 1.52m.
Following the acquisition of Saga, More O'Ferrall will seek approval to double its authorised capital to £2m, and to make a one-for-one scrip isne.
Last year More O'Ferrall made profits before tax of £941,000 on sales of £11.53m. Idalready owns the materials in Errance and

two subsidiaries in France and one in Belgium. These companies contributed sales of £3.77m and trading profits of around £230,000 in 1979.

#### C. T. BOWRING The offer by Marsh and McLennan Companies line, in-surance broker, for C. T. Bow-

ring bas been screeted in respect of 197,902,706 drdinary shares (97 per cent) and in respect of 189,287 preference shares (94.6 per cent). Offers now closed now closed. BOOKER McCONNELL

Booker McConnell announces that a majority of the public stockbolders of International Basic Economy Corporation have now approved the plan of marger between IBEC and the agricul-tural interests of Booker.

WELLMAN BUYS WIGGLESWORTH Wellman Engineering Corpora-tion, thermal and mechanical en-

gineer, is acquiring Frank Wigglesworth and Co., the power transmission subsidiary of Carelo, in a soares and each deal Tha consideration will be pay abla by £4,000 cash and the isne by Wellman of 626,163 ordinary ahares of 25p each. The shares will not rank for the final divi-dend in respect of the year ended March 31, 1980 and have heen placed with an institutional investor. The placing and the

listing for the stares being granted by the Stock Exchange Council Wigglasworth's range of coup lings and drives is largely complementary to those of Wellman subsidiary the Wellman Bibb Company, It is anticipated that the combined companies will be

able to win a greater share of the power transmission market The book value of the ner assets of Wigglesworth being transferred amounted to £585,000 at March 31, 1980. The loss before tax for the year ended on that date was £55,000, compared with a profit of £110,000.

#### INSURANCE BROKERS ABANDON TALKS

Two of Lloyd's of London insurance brokers, Hartley. Cooper Holdings and Benfield Lovick and Rees (Holdings); have abandoned merger talks... yesterday the group said the "have mutually agreed to term nate the friendly talks have taken place.

#### DAWNAY DAY REORGANISATION

Dawnay Day Group, acquired by Hume Investment Trus earlier in the year, has been reorganised into three operation ivisions.

These cover life assurance activities (Target, Life), Tuelt trust management and financial services (Target Trust Managers/ Daynay Day and Co.), and in-dustrial interests (Dawnay Day Holdings). It is intended that the overating companies referred to wil all become direct subsidiares of Hume.

dan.

## A leader in communications for the Eight

ON EXTEL'S "FINANCIAL TAPE" THE BUSINESS WORLD FOLLOWS THE NEWS AND THEN CONFIRMS IT WITH THE "EXTEL CARDS". THE COMMUNICATIONS MEDIA AND THE RACING INDUSTRY RELY ON EXTEL FOR ACCURATE SPORTS NEWS AND RESULTS.

Communication is the fastest growing business of today. Extel's experience and expertise in a whole range of communications mediaprinting; computerised information; the press; television and viewdata have made it an acknowledged leader in its fields.

SPORTING AND FINANCIAL NEWS

BUSINESS, STATISTICAL AND COMPUTERISED INFORMATION

This text was typeset by Burrups, Extel's printing division, on its ultra-modern computer typesetting equipment. With outstanding quality, speed and service of printing, Burrups maintains its position as the nation's leading. City printer.

Its involvement is important in many different areas—in the world of sport and in the City with a wide variety of business and financial information. It plays a role in the marketing of products and services throughout the country. It offers large and small companies efficient telephone answering

ENGINEERING SERVICES

PRINTING

Rovds, Extel's advertising division, has a unique nationwide network of advertising agencies. As one of the

largest British-owned advertising groups, it brings Extel an important and greatly expanded involvement in a vital area of communication.

systems and supplies advanced teleprinter equipment.

ADVERTISING AND PUBLIC RELATIONS

Copies of the Report and Accounts may be obtained from:
The Secretary, The Exchange Telegraph Company (Holdings) Limited, Extel House, East Harding Street, London EC4P 4HB.

TELEPHONE COMMUNICATIONS SYSTEMS

Extel is growing and changing, increasing both the efficiency and the range of its services. Extel is keeping pace with the

communications needs of a changing world.

These are Extel's results over the past three years.

	1980	1979	1978
	£000	£000	£000
Turnover	72,061		
Profit before taxation	3,108	2,559	2,061
Earnings per share	18.4p	16.8p	15.3p
Dividends per share	7.0p	6.0p	5.5p
Dividend cover	26	27	28

Subject to approval by Shareholders and Department of Trade consent the name of the company will be changed to EXTEL GROUP LIMITED.

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EUROPEAN OPTIONS EXCHANGE

## Property Holding

RACTS

HIGHLIGHTS FROM THE STATEMENT OF THE CHAIRMAN, MR. ARTHUR JOHN, CRE., FCA.

Year to 31st March, 1980

- Net income from properties £3.19m. (1979 £2.90m.).
- Dividend increased 10% to 2.80p., per share, equivalent with tax credit to 4.00p. (1979 3.635p.). Directors' Valuation of properties
- £87.0 million, £42.5 million above book value.
- Net assets per share 201p., 24% up on last year's 162p.
- 50% increase expected in net income from properties\* by 1983.

\*before exceptional repairs

Annual General Meeting Monday, 28th July, 1980

لمحاادنهانده

## هكزامن الأحمل

## New chairman for Giltspur

Mr. Ernest H. Sharp is to be-come chalrman of GILTSPUR the annual meeting on 125 He will succeed Mr. Joseph, who is to rethe chairmanshin to ce his husiness commitmins but will remain a nonthe director. Mr. Sharp has been a director since 1961.

Mr. Michael J. Bentley has men appointed a director of SCHRODERS from July 1. He has 60 been made a director and faut vice chairman of J. Henry Schroder Wagg and Company Mr. John Govett and Mr. David Watters have joined the Board of J. Henry Schroder Wagg. New. assistant directors of that con-gern are Mr. S. J. M. Brisby. R. F. Cheetham, Mr. M. Godanet, Mr. E. R. Jones, Mr. T. B. Lambert, Mrs. J. Pain and Mr. P. C. Robinson.

Mr. R. P. Maggs has been appointed a director of R. W. STURGE (MOTOR UNDER

\* Tony Tillin, at present assistant managing director, will be appointed managing director appointed managing director from January, 1981, when Mr. Goard of COUTTS AND CO. Haddrell will relinquish his managing as managing L. Boulton and Mr. George D. Burnett have retired from the Board of COUTTS AND CO.

ALKS

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Intende

Mr. Donald A. Pocock has been appointed a director of the Metallurgical Plantmakers Federation, the British Metalworking Plant Makers' Association and Ironmaking and Steelmaking Plant Contractors Association.

Mr. John McLeod has been appointed a director of HARRISONS MALAYSIAN

Mr. Ian H. Greenway bas been appointed chief executive of CHARTERHOUSE MANAGE-MENT COURSES.

Mr. R. L. Owen has been appointed a director of BREMAR INTERNATIONAL and Bremar loidings, its merchant banking

Mr. F. C. Rowbottom has resigned from the Board of F. W.



Mr. Douglas Horner

CREDIT COMPANY on September 30. Mr. Horner will remain a director of Barclays Bank and a vice-chairman of Barclays Bank UK Mr. Adey will con-tinue as a director of Mercantile Credit and also a director of Barclays-Bank International.

Mr. William K. Sharp bas been



appointment as managing Mr. W. Simms, deputy chair-man of FEDERATED INSUR-ANCE COMPANY, retires at the end of this mouth. He will continue as a non-executive director and as chairman of the trustees of its pension fund. In addition, he is being retained as a consultant for certain interests in the UK of the company's parent, Alistate Insurance Com-

Mr. Robert Newman has been appointed to the newly-created post of treasurer at CONSOLIDATED GOLD FIELDS. For the last six years Mr. Newman has been the group treasurer of Amalgamated Metal Corporation and bas also spent 20 years in various positions with the Mid-

WOOLWORTH AND M. Mr. Neville Bowen has been appointed deputy chief execuMr. Donglas G. Horner is to tive of HILL SAMUEL LIFE succeed Mr. A. Victor, Adey as AND INVESTMENT MANAGEchairman of MERCANTILE MENT.

Mr. William W. Flanz and Mr. Robert D. Hunter have been annointed senior vice-presidents CHASE MANHATTAN BANK. Chase area co-ordinator for the Middle East, operating out of Athens. At the same time, Mr. Hunter became area co-ordinator for Europe, based in

The Secretary for Energy bas as a full-time member of the NATIONAL COAL BOARD to succeed Mr. G. C. Shephard, who has been responsible for industrial relations, when he retires on July 12. Mr. Cowan, at present area director of the Scottish Area of the NCB, bas been a part-time member of the Board since February 1977.

Mr. J. E. Fletcher has been appointed chief manager, in charge of the loan syndication department at MIDLAND BANK INTERNATIONAL.

LAKE AND ELLIOTT is making the following changes within its steel division: From August T. Mr. Peter Hughes will be moving to the National Steel Foundry (1914) at Leven Fife, where he will take over as managing director from Mr. David McLean who is seeking to reduce his responsibilities with Mr. William K. Sharp bas been provinted a director of META-the company Mr. Hughes place at Braintree as director and appointed director and secretary of the CONCRETE SOCIETY will be filled by Mr. Jim Cara, from September 1. Ha takes over from Mr. A. B. Harman who Lake and Elliott steel division.

#### CONTRACTS

ty

Jited

## KTM wins £5m engine processing order

The special machine division vandal controls and lighting and not RTM of Brighton, has won not proof composition flooring.

TARMAC CONSTRUCTION of an advanced BL Cars' engine black. The unit and transfer machine system will process a ange of engine blocks of varying configurations.

WINCOTT GALLIFORD, part-of the Wolvey-based Galliford Brindley Group, has been awarded contracts worth almost £3/75m. The largest is for an infinistrial estate at Grafton Street, Northampton, for Copari-nesship (Tonnerion) valued at \$5m on a design and construct hadis. Other awards include a factory and office block for Beaujersey at Beaumont Leys, Licester, worth £705,000 and a firshed products store for Karobes at Leamington Spa thed at £280,000.

contract worth more than £790,000: has been finalised between WEATHERMAKER between WEATH
ROUPMENT and Tesco,
whereby the former will supply
and install 55 air-to-air heat
publips in new Tesco stores
throughout the UK

The council housing committee of the London Borough of Brent hay awarded a contract worth around £100,000 for lift moderni-safton to BENNIE. Twenty lifts are involved covering a number of Spent's bousing estates. The work covers fitting new vandal resistant lift cars and doors in heavy gauge stainless steel, anti-

Stockton has been awarded a contract worth £340,500 for work on an advance factory of 1,800 sq metres (20,000 sq ft) for the Dapartment of Industry at Park View Industrial Estate, Hartlepool, Cleveland. Work started on 16th June and the premises should be ready for premises should be ready for occupation in February 1981.

AIRBORNE INDUSTRIES has signed a £251,868 contract with the Royal-Thai Army for the installation and supply of a parachute training system using helium balloons.

SIGMUND PULSOMETER
PROJECTS of Theale, near Reading, a member of the SPP Group, is to supply and install pumps, control equipment and an-cillaries for a new pumping station included as part of a major reconstruction scheme for the Esholt sewaga treatment works at Bradford, Yorkshire. The contract, valued at around £250,000, has been placed by the western division of the York-shire Water Authority.

At present, four separate inlet works serve the sewage treatment; works but, in the new scheme, threa of these inlet works will ba abandoned. Instead sewage flows will gravi-tate to the new pumping station from where they will be pumped to the main inlet works which is to be completely reconstructed under the scheme.

## New PVC plant waits for an upturn

BY RHYS DAVID, NORTHERN CORRESPONDENT

At the same time the 45,000 (BIP) part of Turner and Newall, the diversified industrial materials group, is also a reminder of the risks inherent in much of the spending now taking placa in an uncertain UK economic climate.

The £i8m plant has doubled the group's capacity in PVC, one of the most important plastic to chain link fencing. Yet only months after the plant was fully commissioned it is heing run, together with the company's older units, at just 50 per cent capacity.
With customers destocking

because of the current recession in demand and with PVC pro-ducers throughout Europe unable to offload their output, prices bave been tumbling at a time when oil-based raw material costs have been rising. Three months ago when PVC prices were still over £450 a tonne the industry was stressing the need for significant price rises. Since then they bave fallen by a further £50 and the feeling is that no one in Europe can be making any money out of PVC at present.

BIP's decision to expand in calendered sheet manufacture.

Darlington, the pipework, ves- historically high growth rate in position is further complicated sels and tanks of a hrand new PVC demand, which has been poly-vinyl chloride (PVC) plant rising at roughly three times hy both ICI and BP. BIP's view stand out against the country-that of UK gross domestic is that destocking is likely to side of the North-East—a sign product over the past 15 years. level off in the third quarter, and of hope for an area desperately Changing customer require the company points also to the in need of new investment. When the company points also to the ments have also played a part pronounced four-five year cycle Some PVC-using Industries, such tonnes a year plant, built by as cable manufacturing, bave were major downturns in 1971 British Industrial Plastics, begun over recent years to buy and 1975 and this year's big In PVC resin and to make their fall-off in consumption — to a own specialised compounds. This total of probably around 300,000 posed a particular threat to BIP tonnes - follows a year of which has traditionally been a strong growth last year when supplier of specialised com-

a net buyer of resin itself. "Our main emphasis as supplier will continue to be in compounds but we decided we raw materials with uses ranging needed to have a stronger from bottles to Wellington presence in resin agles as well."

boots and from telephone cases Mr. Ron Hards, director of the Mr. Ron Hards, director of the PVC division points out. The company is now hoping for a 10 per cent share in the available market for resin sales. At the same time the increased capacity is also intended to help BIP meet Turner and Newall's expanding in-house needs for PVC. The group owns one of the leading UK PVC pipe-makers

> Public expenditure cuts are affecting demand for PVC

Extrudex, and since embarking on the Newton Aycliffe expan-sion it has acquired Storeys, a large tounage user of PVC in PVC—where it is one of four UK

Exactly when the new capacity
producers alongside ICI, BP, and

will be required however, is now

AT NEWTON AYCLIFFE, near Vinatex --- was prompted by the difficult to ascertain, and the by increases in capacity planned from which PVC suffers. There was about 350,000 pounds rather than resin, and tonnes.

> Neverthcless, the problems this year look as though they could be more serious than in earlier recessions. UK public expenditure cuts are affecting demand for PVC\_from within the building industry and this effect is likely to be long-lasting. The high pressure water pipe market for example has dropped from 35,000 tonnes a year to 20,000 tonnes. UK cable manufacturers, traditionally very strong in export markets, are now facing increasingly tough competition from aggressive new suppliers in Japan, Korea and elsewhere. Other PVC-using industries are facing similar problems.

Imports from Europe of PVC resins have also risen substantially over the past year as a result of the strength of the pound and now hold some 25 per cent of the market. Even more important has been their effect on price, making it im- Aycliffe plant will turn out to possible for UK suppliers to



Mr. Stephen Glbbs, chairman of Turner and Newall, is sure the Newton Aycliffe plant will be a winner

the borizon, too, of an American push into the European market. U.S. producers, with the advantage of significantly lower oil-based raw material costs, have already increased their exports of other chemical pro-

Turner and Newall claims to be confident, however, that, in the words of Mr. Stephen Cibbs. its chairman, the Newton be a winner. Unit costs have however, over other materials raise theirs at a time when Con- been kept down by extensive in terms of corrosion resistance tinental prices have been slip- use of microprocessor control, and can be sawn and nailed like plng. There is the threat on and the plant-built to a design wood. BIP has now acquired started.

Goodrich-has the advantaga ing the highest health and safety standards. The process employed brings the quantities of vinyl chloride monomeridentified as a potential cancer risk in sufficiently high concen-trations—released into the atmosphere down to below one part per million. The plant bas also had to be designed to incorporate lessons learnt from the Flixborough explosion of To comply with new regulations the control room bas been sited well away from the process equipment and in specially reinforced buildings.

BIP's involvement in a number of speciality markets for PVC compounds is also seen as a source of strength, for in materials. The company has many of these, though quanti-ties are small, demand is sterling a strength to purchase relatively constant. BIP is, for its vinyl chloride monomer example, the market leader in compounds for the medical equipment industry, and a lead-ing supplier to PVC bottle manufacturers. The company also has plans

to participate in what could turn out to be a major new growth area for PVC: window frames and skirtings. About 120,000 tonnes of PVC will be used in these applications this year in Germany but so far because of the cost-twice the price of softwood-the product life in the present economic has only a toehold in the climate. Major new investment replacement market in the UK. PVC does have advantages,

by the U.S. company B. F. tha technical know-how to make compounds of the required over older installations of meeting the highest health and group, Huels, and is expecting safety standards. The process building companies in the UK to start investing in extrusion facilities for PVC frames over the next few years.

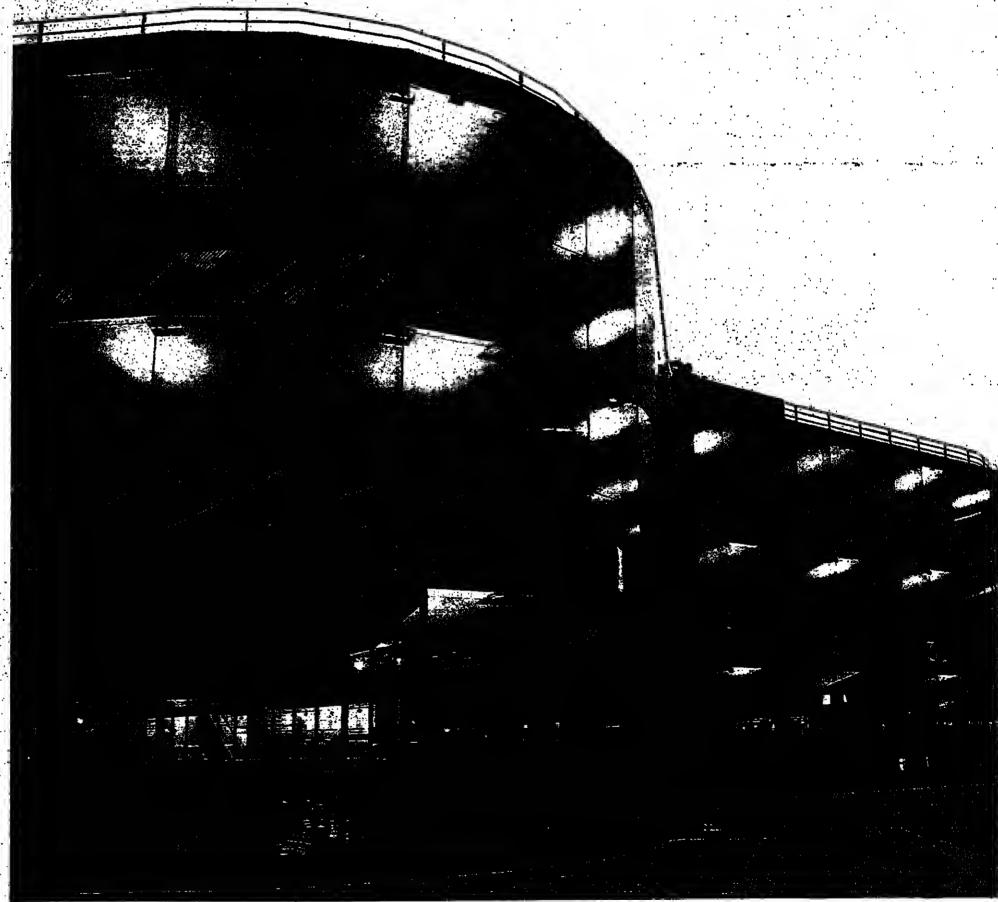
BIP's other advantage in a recession, Mr. Hards points out, is its ability—unlike integrated

**PVC** resin imports from Europe have risen substantially

the starting point for PVCfrom two sources on the Continent. In turn BIP is planning to step up its own exports of PVC resin and compound from the present Sgure of 15 per

For the time being, bowever, for BIP and other British PVC suppliers It is a question of hanging on in the hope that destocking will soon end and that not too many customers are wiped out by the rigours of projects, particularly over the past year, have not infrequently looked much less attractive commercially and economically wben completed

## 



The country head office of Willis, Faber & Dumas Limited. Architects: Foster Associates.

In the 1950s, our first full-scale float plant made unsaleable glass for 14 months. In each of those months, we spent over £450,000 at today's prices—tracing, analysing and solving problems. As everyone knows, perseverance—and investment—paid off in the end.

Today, the float glass process is licensed in 18 countries, and earns Britain over £30m a year in licensing revenue.

Throughout the world it has transformed the production of high quality flat glass for buildings and the automotive industry.

How's that for enterprise!

Pauls & Whites

serves British

agriculture and

the food and drinks

industry worldwide

We produce

malt, animal feed,

food flavours, hop

extracts, caramel

flour, pigs, seeds,

vegetable oil and

maize products.

to the goodwill of

customers and the

efforts of the 2,300

people who work

in the Group...

sales were up

E112m - E129m - E144m - E188m - E220m

and despite doubled

£4.4m £5.2m £6.2m £7.6m £8.0m 1976 1977 1978 1979 1980

share rose by 14%

13.11p 18.72p 17.02p 19.28p 21.96p

1976 - 1977 - 1978 - 1979 - 1980

and dividends

were increased by

3.86p 3.29p 4.29p 4.92p 5.75p 1976 1977 1978 1979 1980

Copies of the

Report and Accounts

The Secretary, :

can be obtained from:

Pauls & Whites Limited

47 Key Street, Ipswich,

Pauls & Whites Ltd

earnings per

to 21.96p

interest charges

pre-tax profits

trading profit

increased by 20%

our 25,000

Last year, thanks

### **UK COMPANY NEWS**

MINING NEWS

## U.S. coal production stays below President's target

coal production in 1980 win rise by some 6 per cent over the 770m tonnes produced last year. The Association has raised its estimate to 815m tonnes, com-pared with the forecast of 800m tonnes made in February.

Exports this year are projected at 55m tonnes, up from last year's 45.6m tonnes. The Association expects electricity utilities in the U.S. to consume 560m tonnes, compared with 527.8m tonnes in 1979. In a recent letter to President

Jimmy Carter, the Association predicted an annual rate of increase io coal consumption of between 4 and 6 per cent up to 1985, which would bring total demand by that year to within the range of 880m tonnes to

1.08bn tonnes.

The letter warned that this was still below the target of raising consumption to 1.2bn coal consumption to 1.2bn tonnes per year by 1985 which the President set in his April, 1977, message on energy.

The letter, which accompanied the Association's third annual the Associations torral shudar report on progress towards meet-ing the President's goal, pointed out that coal is currently sup-plying less than 20 per cent of energy needs in the U.S. This is far below its potential contribu-

The industry is in a position to mine about 100m tonnes more coal per year than is being used, because demand has grown more slowly than expected. This addi-tional amount could reduce nil consumption by around 400m barrels per year, the Associa-

Mr. Carl E. Bagge. president, of the Association, said in the letter that the nation bas "reached a consensus on the need to increase coal use sharply, but a complex web of government policies and requirements is slowing the transition from other fuels." The report identifies problem areas and makes specifio recommendations for changes.
"Action to reduce obstacles to

Increased cootribution from coal does not require abandonor other goals or wholesale overhaul of laws and regulations." Mr. Bagge stressed. "Instead, we need to identify and adjust those requirements which are more stringent than necessary, which introduce unnecessary delays or costs, or which do not reflect the best According to the World

Energy Conference Survey in 1977, the U.S. has the largest proven recoverable coal reserves. Minerals of in the world with 218bn tonnes. in the area.

AMERICA'S NATIONAL Coal This represents 31 per cent of the total for the world, with the coal production in 1980 will rise by some 6 per cent over the soviet Union accounting for 23 per cent and China for a further 170m tonnes produced last year.

#### Australia sees £9bn investment

AUSTRALIA is on the thresh-hold of an era of major invest-ment in mining. More than A\$19bn (£9.3bn) is committed AS19bn (f9.3bn) is committed to new mining projects over the next few years according to figures released by the Federal Government, reports Patricia Newby from Camberra.

In addition, some AS9.6bn is accordanced for manufacturing

earmarked for manufacturing projects. In all, 250 mining and manufacturing projects are now at the committed, or final feasibility stage. This is a substantial increase on last October's estimates of a total 126 projects accounting for AS16.3bn.

accounting for ASIG 30n.

Mr. Philip Lynch, the Minister
for Industry and Commerce,
said the new figures illustrated
the confidence of investors in the underlying strength of the Australian economy.

While the present downturn in the world economy would affect Australia, Mr. Lynch said the prospective surge in industrial development underlined the country's unique position compared with the rest of the western world.

Mr. Paul Keating, the opposition spokesman on minerals and energy while welcoming the expansion of the economy criti-cised Mr. Malcom Fraser's government fo rallowing what he described as "unbindered access" Australian minerals and ergy by foreign companies.

#### BHM SHARES **RE-LISTED**

The shares of Australia's Brnken Hill Metals are to be relisted on the Sydney Stock Exchange today after a 24-hour suspension, reports James Forth in

The shares were suspended when Mr. Ron Mulock, the New South Wales Minister for Mineral Resources, issued a statement to the effect that the only company with rights to prospect for coal at Michell's Flat in the state was Barix, a subsidiary of Pacific Copper Exploration.

BHM had reported that it had reached agreement with Amoco Minerals of the U.S. to explore

### **Another Cooper Basin** oil discovery

wel in South Australia's Cooper Besin has flowed light oil at the rate of 750 barrels a day, ft is the fifth well in the region, four of which are no the Dulingari structure, to yield oil, and all the flows have come from the

jurassic age rocks.
The hunt for jurassic oil reservoirs has been gathering pace over the past year. It began with a chance discovery of oil in 1978 io the Strzlechi Nu. 1

Early experience with the jurassic had yielded water and the main target was the deeper permian age rocks, in which the gaa fields which supply Sydney and Adelaide were found. Nn
A second well, Dullinger mercial

North 1. found jurassic oil last grarome to go back over the feet. Delhi, Santos and Vongas of the reservoir.

The latest flow, through a halfinch choke with a surface flow pressure of 160 psi, echances the prospect that Dullingari will prove a commercial field. Inteersts in Dullingari Santos, 50 per cent; Delbi Petrolcum, 30 per cent; Vamgas, 10 per cent; and the South Australian Oll and Gas Corpora-

Meanwhile the Cooper Basin has proved a disappointment for companies involved in the drilling of the Innamincka No. 3 exploration well, which also drilled through the jurassic zone which produced the Dullingari

Nn bydrocarbons of commercial significance were encountered and the well has

#### RESULTS AND ACCOUNTS IN BRIEF

ALPINE SOFT ORINKS—Results for your ended Merch 29, 1980, with prospects received June 14. Total capital and reserves £4.34m (£4.14m). Shert-term deposits £1.05m (£1.18m), cash £199,000 (£195,000). Moeting. Birmingham, July 17, noon.

AMBER INDUSTRIAL HOLDINGS
(subsidiary of Caledonian Investments)

Results fer year to March 31, 1980,
already reported. Shareholders funds
61,24m (£1.11m). Net assats compleyed
62,71m (£1.58m). Meeting, Cayzar
Heuse, EC, July 21 at 2.30 pm.

12.71m (11.50m). Meeting, Cayzer Heuse, EC, July 21 at 2.30 pm.

ALLIED SREWERIES—Results for year to Merch 1, 1980, elready reported. Sreweries, factores, denots and lerms, £454.5m (1365.5m). Licensed end either preperties, £332.5m (£340.7m). Capital reserves, £482.6m (£207.5m). Revonus reserves, £482.6m (£207.5m). Revonus reserves, £167.7m (£161.2m). Loan capital and other borrowings, £365.3m (£299.8m). Chairmen saye group has mede promising start to current year and is confident this good progress can be mentianed. Meeting, 20, Aldermanbury, EC, July 22 at 2.30 pm.

GARTINIS (egricultural seeds)—Less for eight menths £17,499 (profit £33,009 for year). After extraerdinary items, £ax and crediting surplus on sale of land, attributable profit £67,698 (£1507.537). Loss our 10p share 7.09p (earnings 3.44p). No dividend (same). Accounting period changed to December 31.

Accounting period changed to December 31.

TRANSPARENT PAPER—Results for year to March 29, 1980, elrendy recented. Sharehelders' funds. 18.63m (18.27m). Secerad bank everdraft, 11.59m [nit]). Oebrera, 23.64m (22.65m). Mecring, Creditere, 23.52m (23.64m). Mecring, Creditere, 23.52m (23.64m). Mecring, Cafe Rogal, W. Juli 29 at 12.30 km.

WORNALDS WALKER AND ATKIN-SON (Woollen cloths manufacturer)—Results for 53 weeks in February 29, 1980, already reported. Shareholders' funds £1 17m (£1 22m). Loan capital 1298, 904 (2023,675). Cosh and bank balances £965 (£1,341) Overdraft [30,2,936 (£339,937). Mecring, Wakefield Post House, Ospett, July 17, 11.77 Lm

BRENT WALKER (leisure group)—

11.77 am

BRENT WALKER (leisure group)—
Results for 1979 reported on June 13 in the preliminary report. Shareholders' lands of 77 mm (fie 93 mm), bank overdrafts 5457 083 (El 65 m). Vice-chairman saye results for first few months of current year are encouraging. Board is still awaiting line declared for marina which it propesses to build at Port Vice; link. Essex. Meeting. 22 Tower Place. EC. July 16, 4.30 pm.

COMBORT HOTELS—Results for 1979 COMFORT HOTELS—Results for 1979 lready, known, Shareholders' funda

f15 63m (f12.92m). Secured Joans f14.73m (f6.27m). Leans receivable f3.13m (nit). Cash f540,831 (f188,770). Overdrafts and short-tarm leans £3.95m (f10.35m). Chairrean says there are substantial banafits to be obtained in terms of prehiability through recent schemes. These should begin to make themsolves fall strengly in 1981. Moeting, Rainbow Suitz, W. September 19, 10.30 am.

BAVENPORT RNITWEAR—Results for year to Occumber 31, 1979. plrasdy announced. Shareholders' lunds £2.91m (£2.18m). Cash and benk balances £75,552 (£94,301). Chairmen says past year has been one of great difficulties which are still increasing. Majer fector is microsamp inflation which, coupled with marked prepansity to import increasingly competitive goods, budge ill for immediate future. Meeting, Lecester, August 18, 11,30 cm.

READICUT INTERNATIONAL (rug kits and rextile products)—Results for the year to March 31, 1980, reported May 20. CCA statement shews pre-tax profits at £1.18m (£5.45m). Capitel expenditure commitments f0.37m (£2.03m), authorisations f1.27m (£3.47m). Group lixed assets £21.58m (£18.08m). Nat current 65.53ts £23.6m (£23.5m). Massing, Great Eastern Hotel, E.C., en July 28 et 12.30 pm.

CRIEVESON MANAGEMENT COM-PANY—Third Interim distribution on income units of Barrington High Yield Fund for the period Suprember 27, 1979, to Sectomber 24, 1990, 4.125p net, oxyable August 10. Tetal distri-bution for the year to date 10,125p (9p). butten fer the year to date 10.125p (9p).

EAST MIOLAND ALLIED PRESS.

NEST AND 18 THE TOTAL TOT Results for year anded January 31, 1980, reported May 16. Share-oldern lunds (6.17m 10.75m). Bank over-drefts E2.47m (f0.85m). Meeting, Manchester, July 10, noon Manchester, July 10, noon
WARRÉN PLANTATION HOLOINGS—
Results for 1979, and prospects, reported May 30, in full preliminary statement. Sparendiers funds £17.35m; [216.47m] Long- and modulm-term loons £1.55m; [21.25m]. Cash at hank end on decopil £2.25m; [4.25m]. Sank eventralis and loans £2.63m; £3.68m]. Meeting, Howard Hetel, WC. July 14, 10001.

to the Exchange that they hold s private lease in the area, but they recognise that the New South Wales Coal Mining Act of 1973 requires that each a lease needs the authorisation of the Minister before prospecting is permitted. BHM is to seek this authorisation.

#### INTL. MINING AND GREENVALE IN SHALE DISPUTE

Australia's International Mining Corporation is in dispute with Esperance Minerals and Greenvale Mining over the ownership of the Alpha oil shale deposit in Queensland.

This is a separate deposit from the Nagoorin oil shale prospects in Queensland in which Esper-ance and Greenvale are joint venturers with Central Pacific Minerals and Southern Pacific Petroleum. It was the Nagoorin share price of Greenvale.

International Mining has published an independent survey which suggests that 28 to 38 per cent of the Alphs deposit lies beneath the company's prospect ing authority and is seeking to have the matter put to inde-pendent arbitration.

The move follows reported claims by Esperance and Greenvale that 85 per cent of the Alpha deposit lies in their permit

It is also reported that Inter national Mining's geologist has encountered torbanite (oil shale) outcroppings nutside the perimeters of the known deposit. These are to be drilled in an exploration programme starting this month.

## TOP PERFORMING GILT FUNDS

Tyndall Gilt Fund Limited

#### Tyndall High Income Gilt Fund Limited

In a recent survey\* of 27 offshore Gilt Funds the two Tyndall Group Gilt Funds were rated 1st and 2nd in terms of total return (capital growth plus income distributed). The survey was in respect of the period 30 November 1979 to 13 June 1980.

> Survey compiled by Le Masurier, James & Chinn, Stockbrokers, Jersey.

Copies of the Reports and Accounts can be obtained from the following offices of the Tyndall Group:

18 Canyinge Road, Bristol BS99 7UA Tel: 0272 32241 2 New Street, St. Helier, Jersey. Tel: 0534 37331

Isle of Man: Victory House, Prospect Hill, Douglas, Isle of Man. Tel: 0624 24111 26 Bedford Row, London, WC1R 4HE. London: Tel: 01-242 9367

Edinburgh: 24 Castle Street, Edinburgh, EH2 3HT. Tel: 031-225 1168

SGB GROUP

**Interim Report** 

#### HALF-YEAR PROFIT **UP 25%**

The unaudited Group Profit before tax for the half year amounted to £7.658,000 compared with £6,118,000 for the same period last year. Turnover was £66.5m compared with £55.9m last year. The directors have announced an interim dividend of 2.3p per share which will be paid in full on 18th September 1980 to shareholders on the register on 22nd August, 1980

This compares with an interim dividend last year of 1.75p and is just half of the total dividend paid for 1979. Any further increase will be considered when the full year results are available. The first half of the year has proved better then expected and this

sure another record year, c second half is now clearly being affacted by the current state of

N. L. CLIFFORD-JONES, Chairman, 1st July, 1980

Group Earnings	Half Year to March 1980 £'000	Half Year to March 1979 £'000	Year to Sept. 1979 £'000
Turnover	66,529	55,938	119,343
Profit before taxation	7,658	6,118	14,514
Profit after taxation	5,692	4,908	11,310
Interim dividend	939	699	1,842
Pance per share Earnings per share	2.3p	1.75p	4.58p
Basic	13.8p	121p	27.5p
Fully diluted	13.4p	11.5p	26.2p
Comparative figures have	been adjusted	to reflect the	

Current cost profit before tax, prepared in accordance with SSAP 16, amounts to £5,660,000, (Historic £7,658,000).

SGB Group Limited Mitcham, Surrey CR4 4TQ



## **Braby Leslie Ltd**

Engineers :

	Year to 31st Me	rch 1986 £000	1979 - £000
Turnover		31,740	31,630
Profit before Taxation	a	914	2,091
Texabeo .		194	512
Extraordinary items		720 (64)	1,579 323
Net profit attributable	a to shareholders	\$55	1,902

Net tangible assets per Ordinary Share

The year 1979-80 was a difficult one for the Group, when a number of factors beyond its control occurred in the same period to the detriment of results. The engineering and steel strikes together cost over £400,000 in lost profit and a serious fire affected the Bumley premises of Economic Ges Appliances. The strength of sterling and the continued instability of overseas

markets affected Auto Diesels Braby but it maintain the home generating set market and exports were 54% of turnover. Braby Liverpool, after disruption during the engineering strike. continued full drum production during the steel strike until late March when stocks were exhausted. In consequence profit. although commandable in the circumstances, was substantially The engineering strike and reduced demand affected the activities

ni Braby Bristol and Briggs. A major re-organisation made at Bristol will achieve a significant reduction in overheads. Briggs showed a substantial improvement later in the year and broke even in the last quarter. In the second half year 15% of Briggs' new orders was from non-brewery customers and almost 50% of orders for brewery plant was for overseas. Four subsidienes - Deeside Metal, George Leslie, E. C. Payter and

Vega-Cantley -achieved record profit. The Group's balance sheet remains very strong and bank facilities

On 1st April 1980 the total of order books in most subsidiaries was

higher than a year ago, but, in some, the volume of incoming orders The Board's confidence in the future of the Group is fortified by its:

strong financial position and by the knowledge that it is well equipped with plant and personnel to meet any upturn in demand.

This advertisement complies with the requirements of the Council of The Stock Exchange.



## **Province of Nova Scotia**

U.S. \$50,000,000

10% per cent. Sinking Fund Debentures due 1990

McLeod Young Weir International Limited

Banque de Paris et des Pays-Bas

Richardson Securities of Canada (U.K.) Limited Union Bank of Switzerland (Securities) Limited

Credit Suisse First Boston Limited Société Générale de Banque S.A. S. G. Warburg & Co. Ltd.

The Debentures issued at 99! i per cent. have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary global Debenture. Interest is payable annually on July 15, the first payment being made on July 15, 1981. Particulars of the Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including July 16, 1980 from:

July 2, 1980.

المكنامن الخصر

Westdentsche Landesbank Girozentrale

R. Nivison & Co. 25 Austin Friers London, EC2N 2JB

## Good half for SGB but recession biting

BETTER THAN expected midfrom 66.12m to £7.66m for the sin menths to March 31, 1980, or formover £10.59m ahead at

. The directors say the improved performance should ensure should resord year, despite the fact that he second half is now glearly being affected by the current state of the economy. The lamble surplus reached

On a CCA basis, half-time profits before tax of the group, which provides a range of product and services for in-

The laterim dividend is effecively faised from 1.75p to 2.3p last year's total was equivalent to 4.633p. Milyear earnings per 25p share are given as 13.8p (12.1p). Attributable | profits came

hrough up rom £4.81m to £5.61m after tax of £1.97m (£1.21m), and minorities. The pre-tangurplus was struck uiter interest of £1.67m (£1.25m).

comment

Despite thechvious pressures on. the constriction industry, SGB should extind its recent strong track record into a fifth year. The triditional scaffolding nctivities are provided much of the 25-per cent pre-tax upturn at the atterim stage and, if anything are now proving somewhat more restilent than the other three divisions. ESS and, to a lesser extent, Youngman have already heen burt by the cutback in high street spending. although plant hire is holding up reasonably well and open-cast oal cintracting can be expected to make further progress. Over Kampong Lanjut Tin is the longer term, SGB is looking currently engaged in reconnais-

be further reduced. For the lear term, the second half claimly looks more difficult than he first although the group is till capable of ground £16m till capable of ground £16m tan State. Government and the re-tox. At 160p he fully taxed malaysia Mining Corporation to ind diluted p/e of about 5 is mine the identified areas. aking an inderstandably A prospecting permit over-

Equity & Law launches overseas fund

Pension fund clients of Equity and Law Life Assurance Society are being offered the opportunity to invest in overseas stock markets with the launch of the Overseas Fund by its subsidiary Equity and Law (Managed

dustry and the consumer market, sion scheme trustees to invest butslied £5.66m. In overseas economies with The new fund will enable penattractive growth prospects, and

in market sectors and industries which are not available in the UK stock markets.

The fund will be managed by Equity and Law's investment team, which has been investing in oversees markets for 15 years. At the end of 1979, the company held over £115m in overseas investments, of which about half related to the company's life and pensions operations in the Netherlands and Germany.

The major part of the overseas equity portfolio is invested in North America, where a return of 153.4 per cent has been abtained against a rise of 37.4 per cent in the Standard and Poor Composite Index.

Equity and Law (Managed Funds include a balanced fund, a law of the various investments, which will hold units of the new fund, initially about 2 per cent of the portfollo, but rising to between 5 and 10 per

KAMPONG LANJUT GOLD SEARCH

the Inner-term, SGB is looking currently rugare to add a fifth leg to the business and the success of the diversification undertaken over the last the Sungai Sokor and the Sungai lew years suggests that the Galas'in Ulu Kelantan, Malaysia lepardence of construction will for prospecting results indicate a viable gold mining project, the sungai will participate to the company will participate to the extent of 20 per cent in a joint venture scheme with the Kelan-

BASE LENDING RATES

A.B.N. Bank 17 % Hambros Bank 17 % Allied Irisi Bank 17 % Hill Samnel 517 % American Express Bk 17 % C. Hoave & Co. 117 % Henry Amoacher 17 % Industrial Bk. of Scot. 171% A P. Bank Ltd. 17 % Knowsiey & Co. Ltd. 19 % Associates Cap. Cop. 17 % Langris Trust Ltd. 17 % Bank of Gedit & Cape. 17 % Livyds Bank 17 % Bank of Cyprus 17 % Midland Bank 17 % Bank of LS.W. 17 % Samuel Montagn 17 %

Banque Belge Ltd ... 17 % Morgan Grenfell Banque du Rhone de National Westmin

ue du Rhone ( ue Tamise S.A. ..... 171% 17 %

Barclays Bank Bremar HoldingsLtd. 18 % Brit. Bank of MidEast 17 %

Frown Shipley ..... 17 Canada Perm't Tist... 18

Parclave Bank

RETER THAN expected mid-year results are reported by SGB outlook. The shares, however, valley has been awarded to the remain a firm hold. 2,483 acres in the Sungai Sokor valley has been awarded to the company and another application company and another application for 7,920 acres along the Sungai Galas has been approved. Appli-cations over the remaining areas

are in an advanced stage of Results so far from the reconnaissance prospectives are wide ranging but generally consistent with the history of the region as a producer of gold from low grade alluvial deposits. Localised concentrations of gold in shallow alluvium have been identified which may have potential for small scale mining. However, it is the could be drawn portion. is too early to draw any positive conclusions. The current pros-pecting programme will be com-pleted about mid-September and a further announcement will be

ASA BUYS MORE GOLD SHARES

made following the evaluation of

Further purchases of South African gold shares in the three months to the end of May reduced the liquid assets of the Johannesburg-registered ASA to R12.78m (£7.08m) from R14.94m in the previous consider.

in the previous quarter.

ASA, a vehicle for U.S. investment in Sonth African mining issues, reports that the value of total net assets held by the company at May 31, rose 10 R437.5m against R424.7m in the previous three months. It is

added that the net asset value at June 9 equalled R45.69, or \$58.49, per share.

The increase reflects some astute share dealing by ASA when one considers that during the period in question the FT Gold Mines index fell from 377.9 to 332.8, a decline of 45.1 or nearly 12 per cent, while total net assets rose by almost 3 per

#### Marston **Thompson** at £5.5m

Taxable profits of brewer Marston, Thompson and Evershed continued to forge ahead after a £554,000 advance lo £3.08m at

For the 12 months to March 31, 1980, the pre-tax surplus rose from £4.5m to £5.5m—an increase

of 22 per cent. Turnover also showed a 144 per cent rise at 230.39m (£26.5m).

A final dividend of 1p is heing paid, making a total of 1.625p net on capital increased by a one-

net on capital increased by a onefor-one scrip issue, against an
equivalent of 1.25p.

After tax of £2.08m (£1.88m)
and extraordinary credits of
£96,000 (£39,000) attributable
profits were up from £2.65m to
£3.51m. Earnings per 25p share
are given as 6.68p (5.1p).

In volume terms, sales rose
significantly more than the
national average increase in peer

national average increase in beer sales, say the directors. The company's own locally-brewed beers, which represent 80 per cent of sales, did well. Further gains were made in the free trade argo, which now takes 28 per cent of the total

During the year the company continued its modernisation and expansion programme, investing £3.27m in production, distribution and puh improvements. A high level of investment is planned for the current year.

Mr. Maurice Hurdle, chairman, Mr. Maurice Hurdle, chairman, says: "The results are very satisfactory since we have managed to outstrip inflation—if only by a small margin. They conclude a decade in which each year we have improved our position, doubling our pre-tax profits in the last five years alone.

" However. unemployment there are hound to be question marks over the future, and we are already beginning to find some resistance

47 companies wound-up

COMPULSORY WINDING-UP orders against 47 companies were made by Mr. Justice Vinelott in the High Court. They were: Jeffs, Bishop and Partners, R. and N. Traders (Crops), JLHC, Auto Preservation Services (Bournemouth).

Park Ambassador, Stabletron, Welpre tige, Zencrete, Williams and Lloyd, Jensen Carpets, Hardland.

Nassau and Hamilton Invest-ment Company, T. G. Burns and Co., TAK Developments, Dar-crest Contractors, Maydale erest Contractors, Maydale Properties, European Poster Displays, J. Jorden (Transport). Bradleys Castings, Rollcourt, Crayon Construction, Pharofix, Octions Oakley Designs, Pearson Records (Bradford), Polaglobe. Pearson Inspirode, Hanlin Industrial Roofing and Construction, Arabin Timber, M. and L. Shuttering, Northney Yacht Marina, Rem-brandt Plant Services.

Marshoak (Southern), Coastal Cycle and Holiday Radio (East). Batique International, Apbidamo Builders, Duncan'a Food Brokers. Camion, Debaco rers, New Palace Noriolk Manufacturers, Theatre (Plymouth), Grillock,

Allied Irish Banks Limited

U.S.\$60,000,000 Floating Rate Notes due 1987

With reference to the rate fixing notice published in the Financial Times on 1st July, 980, the forthcoming Coupo Date should have read 2nd

Manufacturers Hanover Limited

Tations (Congleton).
Bryn Construction (Gilwern), P. J. Seal, Regency Dresses, Ribolane, G. H. Vincent and

A compulsory winding-up order made on June 23 against Geoffrey Winship was rescinded, and the petition adjourned for 21 days to allow readvertising in the company's new name of G. Entertainments.

Two orders made on June 16 were also rescinded. The petition against Structureseal was struck out, it already baving been wound up at Leeds on March 24, and that against Thorpwise was dismissed by consent.

## tinmeccanica

## società finanziaria meccanica

US \$50,000,000 Three Year Floating Rate Loan

Arranged by WELLS FARGO LIMITED

Managed by

Wells Fargo Limited Atlantic International Bank Limited **Irving Trust Company** The Northern Trust Company

Banca Nazionale del Lavoro First Pennsylvania Bank N.A. Mellon Bank, N.A. Seattle-First National Bank

Co-Managed by Australia and New Zealand Banking Group Limited, Los Angeles Agency Harris Trust and Savings Bank - Lloyds Bank California The National Bank of Australasia Limited • Nordic American Banking Corporation The Riggs National Bank of Washington, D.C. • United International Bank Limited (Privatbanken Group)

Provided by

Australia and New Zealand Banking Group Limited, Los Angeles Agency Banca Nazionale del Lavoro, Los Angeles Branch - Banco Portugues do Atlantico, Cayman Islands Branch Bank of India, San Francisco Agency - Bank of Scotland - First Pennsylvania Bank N.A. Harris Trust and Savings Bank - Irving Trust Company - Lloyds Bank California Mellon Bank, N.A. - The National Bank of Australasia Limited New England Merchants National Bank . Nordic America Banking Corporation The Northern Trust Company . Pittsburgh National Bank The Riggs National Bank of Washington, D.C. . Seattle-First National Bank Shawmut Bank of Boston, N.A. . United International Bank Limited . Wells Fargo Bank, N.A. (Privatbanken Group)

Wells Fargo Bank, N.A.



May 30, 1980

## National Carbonising has a record year

Following the announcement of record profits for the year to March 31, 1980, the Chairman, Graham Ferguson Lacey, disclosed that Group Net Assets are now in excess of £25 million largely in the form of marketable investments and cash.

This represents over 200p per share.

The Group is poised for more direct involvement in the energy business.

Profit (1979 loss) attributable to Ordinary Stockholders for the Year to March 31: £7,549,000 (1979: £154,000).

Dividends: £344,000 (1979: £83,000).

If you are interested in knowing more about this company please send for our Report and Accounts.

National Carbonising Company

<del></del>		
o: The Chairman, Nation 8 Buckingham Place; Lo	nal Carbonising Company Limited ondon SWIE 6HX.	
Please send me a copy	of your current R/A.	
Name		P
Address		

Trade Dev. Bank ..... 17 Trustee Savings Bank 17 Twentieth Century Bk. 17 C. E. Coates ...... 17 Consolidated Culits ... 17 United Bank of Kuwait 17 % Whiteaway Laidlaw ... 17 % Williams & Glyn's ..... 17 % Wintrust Secs. Ltd. ... 17 % Yorkshire Bank ...... 17 % January, 1981 Antony Ghb 17 % Greyhoung Garanty 17 % Grindlays Bak 117 % and under 15%, up to £25,000 15%, and over £25,000 15%. Call deposits over £1,000 15%. ...... 17 % § Oemand deposits 15%.

Morgan Grenfell ..... 17 National Westminster... 17

Norwich General Trust 17

P. S. Refson & Co. ... 17

Rossminster 17 Ryl. Bk. Canada (Ldn.) 17

Standard Chartered ... 17

Schlesinger Limited ... E. S. Schwah Security Trust Co. Ltd.

READY TO FACE THE 80's

LL ORDER BOOKS: AS 5,700,000,000 TURNOVER IN 1979: RAVANCE SHEET as at 31 December 1979 AS 2,446,000 M

4. PROVESION for SEVERANCE **DEVELOPMENT OF** 1,917 656 74 E.SPECIAL PLAPOS 3,025

PER CAPITA TURNOVER 1977-AS 687,566 1978-AS 750,244 1979 – AS 793,252

PROPTI and LOSS	ACCOUNT	for 1979	
EXPENSIONE Personal cases Depositation Interest paid: Tasses and manhership form	ASm 872 64 67 45	EARLINGS Gross serples believed recoved Extraordisory located	ASm 870 92, 98
Tourise to operation for expert recombine (§ 123) Profit text. pain bill	7 5 1060	<b>=</b>	1000
23.50	: ×		

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#### Esmark expects decline in earnings

ESMARK the diversified industrial group, expects earnings for the third quarter ending July 26 to be lower than in the comparable period. disclosed Mr. Donald Kelly in New York yesterday. On Friday, Esmark aonounced plans for a major restructuring of the company. In its 1979 third quarter, Esmark earned \$23.5m or \$1.12

a share on revenues of \$1.7bn. Mr. Kelly said that if Esmark completes its previously shares at \$28 a share, to add to announced plan to buy back 50 the 500,000 Pullman shares it per cent of its shares, fiscal 1981; has already purchased. Pullman cent of its shares outstanding. earnings from continuing operations will be in the range of and if the tender is successful \$7 to \$10 a share on the 11m McDermott will own 22.5 per shares still outstanding.

\$38.7m or \$4.21 a share in fiscal 1979, ended October, based on tender proposal. 20.22m shares outstanding. Mr. Kelly attributed the expected third quarter earnings lectine to the recession, particularly its effect on consumer

He said it was apparent that the recession would "take an THE unhealthy hite out of earnings"

Esmark expects a write-off of Financial discontinuance and sale of its

Swift tresh meats division.

The decision is part of a orngramme to begin re-allocating

Esmark's planned offer of \$30 cash and a \$40 subordiozted collection of the subsidiary's debenture for 50 per cent of rentals and receivables, which debenture for 50 per cent of its outstanding shares will be valued between \$55 and \$60 a share at the time of issue.

The company announced last week there are plans to make the tender offer after the sale of its Vickers Energy subsidiary. Blso announced last week, He said that Esmark has no

buyers on hand for Vickers. He believes Esmark should seriously consider whether it should continue paying casb

dividends. However, he said Esmark's board has indicated it will continue the present dividend policy for now. He added " My wishes in this matter will not he very important." Reuter

#### Revion debentures

Revioo, the cosmetic manufacturer, has filed a registration statement for the proposed offering of \$200m principal amount of 30 year sinking fund debentures, reports Reuter from

## McDermott to tender for major stake in Pullman

WALL STREET speculation that J Ray McDermott, the oil rig contractor, might he interested io acquiring a major stake in the Puttman railroad car and engineering group was con-firmed yesterday when McDer-mott concurred a \$56m offer for e little less than 20 per cent of Pullman's stock.

McDermott said that it intended to purchase through a teoder offer up to 2m Pullman cent of Pullman's shares. Pull-Esmark had net earnings of man said it had not been \$8.7m or \$4.21 a share in fiscal informed by McDermott of the

Pullman, a name famous in the rail car industry, has been experiencing hard times over the past two years, including heavy write-offs as a result of a facture of passenger rail cars.
This decision, which has left
that market in the U.S. largely
in the hands of Budd and Company, a subsidiary of West Germany's Thyssen, bas been criticised by some sbareholders. In addition, however, Pullman

is thought to be fscing further write-offs on an unfinished rail U.S. publicty-operated passenger railroad.

vious year on sates of \$2.6bn.

suffered as the company's woes bave mounted, include its role as a major manufacturer of decision to pull out of the manu- railroad freight cars (by some estimates the largest company in this market in the world). Demand for raitroad freight cars in the U.S. is expected to be stimulated by increased coal production and the need 10 transport coal large distances from the western surface coal fields. Putiman also controls one of

Pullman's attractions, apart

the leading designers of process plant in the world, Pullman Kellogg.

J. Ray McDermott is a major Last year Pullman earned J. Ray McDermott is a major \$47.9m on revenues of \$3.2hn, producer of oil rig equipment down from \$63.9m in the present of the pres and Wilcox.

#### Gould to close financial unit

electrical midway through the fiscal third products maker, has approved a phaseout of the Gould subsidiary over a Esmark expects a write-on or seriod of 10 to 12 years. \$300m before taxes, from the period of 10 to 12 years. The decision is part of a orn.

announced last week, said Mr. resources to manufacturing operations. The company plans an orderly

> total \$196m. The subsidiary's cash flow is more than sufficient to refire its \$99m of debt in accordance

the board. The investment io the sub-

with the terms prescribed, hy

Gould, and May 1979 further affecting new volume in 1979 the company's debt situation. In 1979, Gould held profits
The phaseout plan will steady at \$3.76 a share, and exincrease cash flow by an estipectations on Wall Street are mated \$79m and add about \$20m of the subsidiary's deferred income to corporate profits income during the 10- to 12-year time-

In the first five months of this year, Gould Financial had signs of the recession in these revenues of S9m and earnings two industries. Overall, how-of S2.5m including S1.2m of ever. results are expected to inter-company profits.

Gould said the original intention in forming the subsidiary to support sales of the group's manufactured oroducts. a continued rise in profits, It added that Gould Financial aided by capital and research did not meet expectations, with outlays and by further acquisisidiary is \$27.3m with \$13.4m Gould-related husiness account-invested between January 1978 ing for only 4 per cent of its Agencies

that the current year will show little change. Sales of electrooic and industrial products are likely to increase, although car hatteries and housing-related products may begin to show suffer the effects of bigber wage. material, interest and other

costs. The longer-term outlook is for a continued rise in profits,

#### Cavenham offer brings in 2m Diamond shares

table.

\$42 a share for Diamood loter- was about 2.86m shares, or 23.9 national Corporation stock per cent of the total outstandwhich ended last Thursday barely drew the 2m shares required to make the offer effecuve. Cavenham Indicated.

ment with the Securities and Exchange Commission reporting drew about 2.12m shares. that its total holding of the AP-DJ.

NEW YORK - Cavenham forest products company's stock Development's hostile offer of following expiration of the offer That includes the interest ! we had before the offer," the company sald.

The previous interest was 746.540 sbares. Thus, the offer Cavenham said yesterday that which Cavenham bad stipulated the Company had filed a state- would oot be effective unless at least 2m sbares were received,

#### **Basic Resources** in Mobil deal

NEW YORK — Basic Resources International said it signed a contract with Mobil Corporation for sale of all production it will export for the next three months.

Basic Resources, a Luxemhourg company in which Sir James Goldsmith has ao interest, has two oil fields and s pipeline in Guatamala. The company said the first cargo of 140,000 harrels under the sales agreement with Mobil was made

JUNE, 1980



**NEW ISSUE** 

All of these Bonds having been sold, this announcement appears as a malter of record only

PETROLEOS MEXICANOS

U.S. \$125,000,000 of which U.S. \$100,000,000 is being issued as the Initial Tranche 11½ per cent. Bonds due 1988

Issue Price of the Initial Tranche 100 per cent, (adjusted for interest, if any)

Swiss Bank Corporation (Luxembourg)

Merrill Lynch International & Co.

Crédit Lyonnais

Citicorp International Group Credit Suisse First Boston Limited Deutsche Bank Aktiengesellschaft Manufacturers Hanover Limited

Daiwa Europe N.V. Lloyds Bank International Limited Société Générale

Westdeutsche Landesbank Girozentrale

Société Générale de Banque S.A. International Mexican Bank Limited

Alahli Bank of Kuweit (K.S.C.) Abu Dhabi Investment Company Algemene Benk Nederland N.V. A. E. Ames & Co. Limited Bache Helsey Stuart Shields Inc. Banca Nazionale del Lavoro Bank ol America Internetional Limited Bank Julius Baer International Limited Rank Leu International Lid. Bank Mees & Hope NV Bank of Tokyo International Limited Eankers Trust International Limited Banco Nacional de México S. A. (Banamex) Banque Arabe et Internationale d'Investissement (B.A.i.I.) Banque Bruxettes Lambert S.A. Banque de l'Indochine et de Suez Banque Générale du Luxembourg S.A. Banque Internationale à Luxembourg S.A. Banque Nationale de Paris Banque de Paris et des Pays-Bas Banque Populaire Suisse S.A. Luxembouro Banque de l'Union Européenne Banque Worms Sarc!ays International Group Baring Brothers & Co., Limited Basile Securities Corporation Bayerische Hypotheken- und Wechsel-Bank Aktiengesaltschaft Bayerische Vereinsbenk Aktiengeselfschal: Bayarische Landesbank Girozentrale Blyth Easiman Paine Webber International Limited 3.S.I. Underwriters Limited Caisse des Dépôts et Consignations Centrale Rabobank Chase Manhallan Limiled Chemical Bank International Group Commerciank Aktiengesellschaft Compagnie Monégasque da Benque Continental Illinois Limited County Bank Limited Creditansfalt-Bankverein Crádil Agricole Crédil Commercial de Franca Crédit Industriei d'Aisece at de Lorraine Crédil Industrial el Commercial Credito Italiano Crédit du Nord Deltec Trading Company Limited Deutsche Girozentrale-Deutsche Kommunalbenk- DG BANK Deutsche Genossenschaftsbank Dillon, Read Overseas Corporation Dresdner Bank Aktiengesetlschaft Crexel Sumham Lambart Incorporated Effectenbank-Warburg Aktiengesellschell European Banking Company Limited First Chicago Limited Robert Fleming & Co., Limited Genossenscheltliche Zentralbank AG-Vienna Girozentrale und Bank der Österreichischen Sparkassen Aktiengeseltschaft Goldman Sachs International Corp. Groupement des Banquiers Privés Genevols Hambros Bank Limited Hill Bamuel & Co. Limited Handelsbank N.W. (Oversaas) Ltd. Hessische Landesbank-Girozentrale-Jardine Fleming & Co. Limited E. F. Hutton International Inc. IBJ International Limited Kleinwort, Benson Limited Kredielbank N.V. Kidder, Peabody International Limitad Kredielbank S.A. Luxembourgeoise Kuhn Loeb Lehman Brothers International Inc. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwaii Injernational Investment Co. s a.k. Lazard Brothers & Co. Limitad Lazard Frères et Cre LTCB International Limited Samuel Montagu & Co. Limited Morgan Grentett & Co. Limited Morgan Stanley International Mational Bank of Abu Ohabi Mederlandscha Middanstandsbank N.V. Nederlandse Credietbank nv The Nikko Securities Co. (Europo) Ltd. Nomura Europe N V Norddeutsche Landesbank Girozentrale Nordic Bank Limited Ocslerreichische Laenderbank Orion Bank Limited Pierson, Heldring & Pierson N.V. N. M. Rothschild & Sons Limited Rolhschild Bank AG The Royal Bank of Canada (London) Limited Salemen Breihers International Scandingvran Bank Limited Sanwa Bank (Underwniers) Limited Schoeller & Co. Senhaktiengesellschaft Skandinaviska Enskilda Banken J. Henry Schroder Wagg & Co. Limited #. V Slavenburg's Bank Société Générale Alsacienne de Banque Smith Barney, Harris Upham & Co. Incorporated Sumitomo Finance International Svenska Handelsbanken Trinkhaus & Burkhardt Union Bank of Switzerland (Securities) Limited Verband Schweizenscher Kantona/banken Vereins- und Westbank Aktiengesellschaft J. Vonrobet & Co. S. G. Warburg & Co. Ltd. Dean Witter Reynolds International Wood Gundy Limited Yamaichi International (Europe) Limited

#### First Boston | INTERNATIONAL BONDS objects to credit rating cut

BOSTON-First National Boston Corporation, the bank bolding company, bas criticised Moody's Investor Service for downgrading the rating on its existing debt to double A from triple A. It said it expected bigher second quarter and first half profits.

First National Boston said it was surprised by Moody's action. Moody's had rated its obligations triple A in March, 1976 and the corporation's performance had improved

since that time.

The company said it expected its second quarter and first balf earnings to set new

In 1979, the earned \$20.6m. or \$1.69 per share, from operations in the second quarter and \$40.6m, or \$3.31 a share, in the first balf. First National Roston said that from the end of 1977 un:11 the end of 1979 it increased operating earnings by a compounded annual rate of more than 33 per cent to \$6.90 a sbare from \$3.85.

It said its return on average assets during this period increased to 0.66 per cent from 0.46 per cent, the return on equity grew to 13.7 per ceni from 8.7 per cent and the reserve for credit losses as a percentage of year-end loans and leases rose to 1.13 per cent from 1 per cent. Also, net credit losses to Byerage loans and leases declined to 0.43 per cent from 0.60 per cent.

First National noted that Moody's anestioned its level of non-performing assets. "In fsct. those assets as a per-centage of total assets dropped to 1.53 per cent from 2.74 per cent from 1977 to 1979." it said.

#### GE reports \$27m mobile CAT scanner sale

By David Lascelles in New York IN ONE of the largest orders of its kind, General Electric (GE) confirmed yesterday that it had sold 30 mobile CAT medical scanners for about \$27m. The deal was announced only days after GE got the go-ahead to buy Thorn EMI's CAT scanner husiness. Thorn EMI bad decided to sell out because It could not make money on the equipment.

The purchaser is American Medical International (AMI), one of the U.S.'s largest bospital management companies whose interests include the Harley treet Clinic In London.

AMI said yesterday that it had developed mobile scanners o provide a cost-saving means of bringing this expan-sive diagnostic technique to a roader range of patients.

CAT scanners are normally stationary, which greatly reduces their potential use. But AMI expects to be able to serve 200 hospitals with the scanners when they are delivered in 1981. It described providing mobile CAT scanner service nationwide."

#### Haulage group shows advance

By Our Financial Staff ROADWAY EXPRESS, the U.S. | n freight hanlage group, hoosted net profits from \$6.85m to \$14.55m in its second quarter on revenues up by \$30m to \$261.9m. Per share earnings for the period were 74 cents against 43 cents.

For the six months to June 14 net profits came out at 826.39m against \$18.61m previously. Revenues were previously. Revenues were ahead from \$470.1m to \$520.7m, and earnings per share were \$1.43 compared with 91 cents.

#### VW drops U.S. engine plan

VOLKSWAGEN OF America said it bad shelved all plans to huild an engine plant in the U.S., reports AP-DJ from Southfield, Michigan, In April the management board chairman of Volks-wagenwerk, VW's West German parent said the com-

pany was considering the con-struction of a U.S. engine

In response to questions a spokesman for the unit sald the plans were not definite planning construction of any such facility. He said Volks-wagen would continue to rely on its engine production facilities in Puchla. Mexica, to serve the U.S. market. That plant. 25 previously announced, is scheduled for expansion in 1982.

#### Bank tender nact delayed

WASHINGTON - Financial Geoeral Bankshares, the hank holding company, said it had temporarily delayed the date on which a group of Middle Eastern investors were to enter into a definitive agreement on making a tender offer for its common stock. Reuter

## Better tone in quiet market

markels were very quiet yester-day both in the U.S. dollar and the D-Mark foreign sectors. In the dollar sector prices of fixed interest rate bonds slipped by i of a point, but trading remained thin.

The relative stabilisation of

the market yesterday after Monday's shake out was prompted essentially by the better tone in the New York domestic market.
In the Floating Rate Note

sector, Bank of Tokyo (Curacao) Holding NV is offering a \$50m pany. The interest rate will be one carrying a coupon of 61 per

THE INTERNATIONAL BOND pegged at 1 per cent ahove the cent markels were very quiet yester—average of bid and offered rate Gotta for six-month Eurodollar de-posits. There is no minimum coupon.

> In the Deutsche Mark foreign bood sector prices of seasoned issues were a shade weaker for the second day running. By contrast, in the Swiss Fraoc sector. prices remained stable.

Two private placements have been completen in this sector. Arbed has arranged a SwFr 40m five-year private placement which carries s coupon of 6 per cent through Bancs della seven year FRN note which will be guaranteed by the parent Svizzera Italiana while bank through a group of banks led by Kuwait Investment Com-

Gottardo. Swiss Bank Corporation Inernational, the London-based sib-sidiary of Swiss Bank Corpora-tion, began operating under its own name as an investment back yesterday. Until now the recently strengthened operations have been operating in the name of its parent Secondary market trading in Eurobonds, which untit now has been done out of Luxembourg, is expected

through Banca de

to start later this year. SBC International bas two managing directors: Mr. Andrew Large, who until the end of last year was at Orion Rank and who will reside in London, and Herr Werner Schick who will reside in Zurich.

Kaufman and

By Our Financial Staff

**Broad advances** 

were 40 cents conpared with 25 cents, excluding a 5 cent

#### Harris forecasts growth in turnover and income

equipment maker Harris totalled about \$57m, a 20 per Corporation expects net earnings this year of about \$80m, or between \$2.60 and \$2.65 a sbare, said Dr. Joseph A. Boyd, the with our established growth.

Sales abould increase by about 19 per cent to around \$1.3bn. In fiscal 1979, the company The recession has caused B earned \$68.8m or \$2.32 a share, "moderate slowdown" in new on sales of \$1.08bn. It said that orders in some product lines. the comparable figures were re- commented Mr. Boyd. stated for the acquisition of Farinon Corporation in

that 1980 earnings would be mand for electronic communi-Bround \$2.80 a share, but said cations equipment (18 per cent that if the Farinon deal was of earnings in 1979) are forecompleted, it would adversely seen. Particular strengths are affect per share figures by likely to show in Government between 15 and 20 per cent. systems, two-way radio equipfiscal 1980 will exceed \$1.4bn International sales represent and expects a backlog of around around 32 per cent of group \$900m at end June comonred total, with \$740m a year earlier,

He added that the company of web offset presses and previously) or 68 cents a share plans to increase its internal bindery equipment, turns in against 4 cents before an 11 research and development about one third of earnings. budget by about 35 per cent in Agencles

COMMUNICATIONS fiscal 1961. In 1980, this budget KAUFMAN AND BROAD, the Las Angeles-based bousing nad life insurance group, saw operating profits surge from \$3.16m to \$4.89m on its second quarter on with our established growth pattern." This would be so revenues only \$15m higher at \$122.4m. Earning per share

primarily because of its size-able backlogs, added Mr. Boyd. The recession has caused B "moderate slowdown" in new For fiscal 1981, Wall Street

analysts bave atready predicted ebruary.

B further rise io profits at
Esrlier, the Board estimated Harris. Strong worldwide de-Mr. Boyd said new orders for meot and printing equipment. total. Printing equipment, which takes in a broad range

these were \$22m against \$14.8m from housing.

## However, problems in

(same) tax credit.

housing market are expected to see Kaufman's net profits for the year fall short of the \$1.17 a share earned in 1979. Indeed Kaufman said that in he second quarter it suffered a pre-tax loss on bousing operations because of higher interest rates, tured housing and reduced land sales. It has previously forecast B 10 percent to 15 per cent rise in insurance earnings. In 1979

After six months operating profits were \$8.42m (\$5.75m previously) or 68 cents a share

#### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bood issues for which an adequate secondary market exists. For further details of these or other bonds see the complete lis on the second Monday of each month.

on the second word	lay of	each month.
U.S. DOLLAR .		Change on
STRAIGHTS	Isaued	Bld Offer day week Yield
Alcaa of Australia 10 89	60	92% 93% +0% -0% 11.30
Australian Res. 93, 84	30 100 .	96% 96% 0 -0% 10.68
Beneficial Fin 9% 87	50	51½ 92½ +0½ -1½ 11,46 95% 96% -0% -0% 11,41
8th. Oxygen F. 104 90	100	957 <sub>5</sub> 963 <sub>6</sub> -02 <sub>6</sub> -03 <sub>4</sub> 11.41 991 <sub>8</sub> 997 <sub>6</sub> +02 <sub>6</sub> -03 <sub>4</sub> 11.33
CJC4 hied. Rate 12 86	50	
CEC4 113, 90	100	
CFCA 111, 88	50	100 100 <sup>1</sup> 2 -0 <sup>3</sup> 3 -1 <sup>3</sup> 4 11.44 92 <sup>3</sup> 6 92 <sup>7</sup> 4 -0 <sup>3</sup> 4 -1 <sup>3</sup> 4 11.52
Corter Hawley 9% 86	300	
Crucarp O/S Fin. 10 86 Continental Grp 9% 86	100	95 <sup>1</sup> <sub>2</sub> 96 0 0 11.00 92 <sup>1</sup> <sub>3</sub> 93 <sup>1</sup> <sub>4</sub> -0 <sup>2</sup> <sub>4</sub> -1 <sup>1</sup> <sub>4</sub> 11.29
	100	
Oenmark 11% 20 Oome Perroleum 13% 92	50	99½ 99¾ -0¾ -1½ 11.83 103½ 103¼ +0¼ -1¾ 12.89
	75	964 964 -04 -14 11.49
EIS 111- 32 · · :	30	88% 99% -0% -1 11.91
FIB 13: 90	100	106 106 -04 -2 12.59
El 1901 1: 105 114 87 .	50	100 1001, -01, -1 11.18
Elec. de France 10 88	125	96', 95', +0', +0', 10.67
Export Dy Con. 31 84	150	96, 97, 0 -0, 10.62
Export Ov Con 124 87	100	1054 1054 +04 -04 11.56
redetal Dov 84 174 85	75	1031, 104 +04 -71, 11.18
Finland, Rep of 8's 86	100	934 934 -04 -07 11.10
Ford 0, 5 Pin 125 83	250	991-100 0 -11-12-67
George Waston 131, 87	30	102 1021 +01 -01 12.97
MAC 24 86	100	92 93 +0 -17 10.94
74'AC 0'S Fin 11 84	100	995 1001 0 -01 10.99
MAC O S Fin 13% 85	100	1051, 1053, -05, -1 11.81
Goodyear 0/S 121: 87	75	981, 981, +01, -01, 12.80
Hudson's Bay 111, 90	75	874 984 -04 -04 11.87
8M Canada 101 85	60	393 994 -01 -1 10.60
IC! Fin Ned 11 83	100	99* 100% +0% -0% 10.93
McGraw 131: 85	75	1011 1024 -04 -11 12.89
Michelia 10 94	125	291, 901, -01, -21, 11.49
Nat Des Telecm, 91, 86	100	844 944 +04 -14 10.79
Norwest Ird 13% 87 .	50	100% 101% +0% -0% 13.34
Pamax 111: 89	100	973 983 +04 +04 11.90
Ouerer, Hydro 115 92	100	97 98 -012 -114 11.86
Rovieste Ltd 114 85	50	1004 1004 0 -13 11.11
?NCF 123 85	50	104 1041 -014 -15 11.1S
Statod 95, 89	100	931 931 -014 -112 10.80
Sive- E- Cred 121, 85	40	1031 1031 -01 -11 11.49
Cc-cn 91. 84	100	96'4 97'4 -0'7 -0" 10.63
Warner-Lambert 9 84	100	944 944 -04 -14 10.76

DEUTSCHE MARK STRAIGHTS	issued	Bid	Offer		gs on week	
Alteo 9 90		†102				
Aaian Oav. Bank 10 90	200	1081	109	-014	-04	8.63
Australian 34 90	250	102	1023	+0%	0	7.76
SFCE 73 87	100	98			. 0	
BFCE 84 95	100				<b>−</b> σ.	
arerd 8 37	160				ŏ.	
CECA 7 91	150				-04	
Council of Eur. 74 89					-0.2	
Qenmark 7's 86					-04	
Oenmark 84 92 .	100				-01,	
EEC. 7', 94	225				-02	
FIB 71 ES					-03	
Folland Reg. of 8 26		991			-03	8 09
Kohe. City of 71 89					+04	
liede: Gasunie 8 86	100				÷œ	
Horway 7: 85 .	250				0	
OF3 77, 69	100		96%			5.04
ପୁରୀର, ପରଞ୍ଜା <mark>8%, 9</mark> 0	80				-04	
Swoden 93 87	200	†1061:				S 39
V 2017 Bank 7% 91					-07	B 14
" orld Sact. 7's 90					_O_	
World Sank 16 36	190				- O70	
World Sank 10 90 .	200	<b>1</b> 11	1111	-0,7	0	8.26

Average price changes . In day -01 on week -04

Average arics changes. . On day -01 on week -1

The state of the s		,	•			
SWISS FRANC				Chan	ga on	
	tasued	Bid			week	Yield
Argentina 5, 89	80	95		_	+2%	6 20
Aumar 5 89	60	192			-ő4	
Sergan, City of 44 91	40	95			0.4	5.33
Bergen, City of 6 90	50	†102'z	103	÷01.	ŏ	
8NDE 5 89	75				+5	
9MW Overseas 41, 91.	100	924			+07	
8uhrm'n-Taneroda 7 90	40	1053			+04	
Carsse Nat. Tela. 44 89		94	941	-1	-15	5.1a
CCCE 5'4 90	100	1024	103	-04	0	5,37
Cocenhagen 41, 91	60	91			-0:	5.57
Council of Eur. 5 89	100	9474			-1	5.77
EIB 4 91	100	92 <sup>1</sup> 2			+1	5.39
Ela 44, 94	100				-02	
Elat. de Franca 41 89	100	95			+07:	5.04
GZS 4:, 89	100				+07	
Hilti 412 91	35	94	844	0	-67	
IntAmer. Oov. 41, 89 IntAmer. Oov. 7 90	100 80	92		0		5.61
	50	106 11003			-0,4	6.13
Jutland Tals. 5. 90 Malaysia 5 89	80	90%			-07	\$.36 8.40
iliocon Tel & T. 414 89	100	947			-04	4.92
Nordic Sank S 89	45	95-			-14	
Norges Komm. 47, 91	100	92			-i"	5.27
OKB 41 91	100				+04	5.46
OKA 5 90	100	1103%	104%	-05	-04	5.48
Oslo. City of 41 Sl	100	190	901,	Ō.	+0%	5.56
Shikoku El. Pwr. 43 89	100	198		+0,3	+14	5.28
Vogs1-Algina 44 89	90	96	361°	$-\omega_{x}$	-04	
World Bank 4% 89	100				+14	5.19
World Bank 42, 83	150	91%			-04	5.50
World Bank 4% 91	100	93	23.	-0·4	0	5.43
Average price chang	jes (	On day	0 00	week	+04	

YEN STRAIGHTS	lssued	Change on Bid Offer day week Yisid	
Australia 5 6 83 Australia 6 6 88 EIB 7's 29 Finland 5 6 83 Finland 6.8 88 Finland, Rep. ol 8's 87	30 20 12 70 10 15	92's 93's +0's +0's 3.18 88's 99's -0's -0's 3.47 96 97's +0's +0's 8.26 81's 92's +0's -0's 3.56 89's 90's -0's -0's 6.70 97's 98's 0 0 8.74	-
Average price chan	ges O	on day 0 on week 0	

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see the complete list of	Eur	0500	ı pri	ces	publ	isnea	
	•	rostu	f br	ces	on. J	uty 1	
				Char	99 01	· ·	
	ssued	8td	Mar	day	Week	Yield	
Bell Canada 104 86 C3	60	95	957	-14	-1	11,75	,
CISC 131, 85 C\$	50			-04	-14	12.37	
Cr. Foncier 10% 84 CS	30	192	33	-04	0	12.76	
Fat, Can. Inv. 10 84 CS	· 60	54	141	~04	-03	11.92	
GMAC 12 85 CS Quebac 30% 86 CS	50	199		0		. 12.20 - 11,97	
R. Bk. Canada 10 84 CS	40	94	911	-04	-0		
R. 8k. Canada 10 94 CS	70	872				. 11.79	
Tordom Cpn. 1312 85 CS	:0					12.33	
M. Bk. Dnmk. 3 91 EUA	2	94	967	-01,	- O3	9.79	
SOFTE 84 89 FUA	4	864	874	~01	-01	10,61	
U. 8k.Nrwy. 912 90 EUA	T	97%	20	. 0		. 9.75	
Algemena Bk. 84 84 FI	7	9612		0	-04	9.20	
Ned. Gasunie 8% 84 Fl Ned. Middbk, 8% 84 Fl	71		100%			8.75	
Norway 84 84 F1	10¢	95%	96¾ 97½	_			
Norway 84 84 FI	100	9714				9.13 8.96	
Philips Lamps 51, 84 Fl	75	974			-01	8.08	
Air Franca 11 84 FFr	120	95	961	Ö		12.37	
CECA 144 86 FFr	150	1044				12.83	
Euratom 8½ 87 FFr	160	841		$+0^{\mu}$	+0%	13,05	
Finland 11 84 FFr Finland 114 89 FFr	80	844	953			12.58	
Gaz de France 11 84 FFr	70 150		237	. 0		12.78	
ISM France 11% 84 FFr		941 97		T05	+04	12.60	
Renault 9% 85 FFr	100	BBL	57%	+0	. "	12.54 13.48	
Saint-Gobain 94 86 FFr	130	853	867	~04	+or	13.25	
Solvay et Cle 94 87 FF-	125	841	851,	+04	+03	13.24	
Senericiat Fin. 144, 90 E	20		100%	~ Q <sup>2</sup>	-04	14.21	
Citicarp C/S 131, 90 E	50	.985	59	^03	-0.	13.70	
Fin. lor Ind. 121, 89 £	25 30	90%	913	~0.	+02	13.04	
Fin. tor Ind. 141 88 £	20		2072	-02	-04	13.26 13.90	
Gen. Elec. Co. 121, 89 E	50	165	97	~04	_07	13.50	
Swed. Ex Cr. 15 to £	20			-05	-0-	14.22	
Indonesia 8% 91 kg .	7	13	831	ō.	õ'	9.77	
Mitsubishi 71, 84 KO	1C	131*	93	Q	0	8.77	
Norges Kom. 72 89 KO	12	133	937	0		8.55	
Occidental 8% 91 KO Akzo 9% 87 Luxfr	500	54	90%		. 0.	9.70	
Euratom 8 87 LuxFr	500	8,	95%	τα φ	+02	10.21	
Euralom 9% 88 LuxFr	500	9.	971	+01	TO	10.08	
El8 94 89 LuxFr	600	9.	921,	+04	+02	10.12	
Volvo 84 87 LuxFr	500	9£	97-2	. 0.	-0-	10.33	

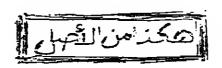
EI8 94 89 LuxFr 600 Volvo 84 87 LuxFr 500		9P <sub>2</sub> +	0 -0 0 +0	<b>10.</b> 12
FLOATING RATE		İ		
NOTES Spread		fer Lau	C.con	C.via
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8ank of Ireland 54 89 \$01.	89	B- 2/8		
Bank of Tokyo 54 89 104	972		0 18.58	
Serciays O/S Inv. S 90 04	97	9, 131	2 9%	9.81
Bergan Bk. A/S 6 89 #04	97-	97, 298	10	10.27
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Cilicorp D/S F. 83\$40	983	DE 22 A	14.89	
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	001 1	00, 1B/		
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G78 51, 89 +014	25	DD7 4 A	134	17.95
Jugobanks 8 89 07	901	987 1/1	1.15	15.52
Ind Bank Japan 54 87 04	1001 1	92 23/	1111	
	1007	CO's 15/1	0182	18.68
Lloyds Eurofin 8 90 E Oh	20,0	97% 3/	8. /	8.24
1749 Japan 54 86 04	9814	983-13/	12.95	9.77
TCB Jagan 512 89 014	89	987 7/	12 04	10.31
Mira. Han 0/S 54 94 t04	974	9770 3/1		10.14
Midland Intl. Fin. 5 89 0%		99 2/	12 4	9.55
Midlend Intl. Fin 5% S2 0%		99 1/		11.m
Nacional Fin 62, 86 032		98% 3/		14.91
Nat. West 54 94 50%		004, 17		18.65
Nippon Credit 61: 88 01;		97% 12/		
Nippon Credit 5% 87 10%		987, en		14.69
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9oc. C. de Baue. 64 87 04	1001, 1	00% 3,	10 20.B	15.59
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Average price changes.	On day	_0 <u>_</u> 0	ı week	-0-

Tonly one market maker suspiled a grice.

It only one market maker suspiled a grice.

Bitralight Bonds: The yield is the yield to be demption of the mid-grice; the amount issued is in milions of currency units except for Yan bonds where i is in billions. Change on week = Change over price sweek series. Floating Rate Notes: Denominated in dottes unless otherwise indicated. Coupon shown is minimm. Cotie = Oste next coupon becomes effective. Spread Mergin above six-month offered rate (‡ three-mont § above mean rate) for U.S. dollars. Copn = The urrant yield.

Convertible Bonds: Denominated in dollar unless otherwise indicated. Chg. day = Change on dy. Chy. date = Nominat amount of bond per share corp. price = Nominat amount of bond per share expressed in currency all chars at conversion rate ked at issue. Prem=Percentage premium of the current@fective price of ecquiring shares vis the bond over it most recent



over the past year, baving

apparently cought the U.S.

industry on the wrong foot.

Last week Kuwait announced

that it would buy six A-310s,

the first Middle East customer

within a European consortium

for the development of Spacelab

which will act as part of the U.S.

space shuttle. Second, ERNO

the Ariana launcher. The third

strand to ERNO's activities is the construction of communica-

These activities are on the whole profitable but are liable

to external problems—the U.S. shuttle timetable, for examole,

has been constantly postponed

while the second of four Ariana

test lauochings ended in a

crash, which has hung a ques-

But the major shadow over

VFW's involvement in space

technology, the Airbus, and in

lts few military projects (it is participating in the Tornado

multi-role combat aircraft) is

fear of escalating costs. The

soared since flight testing began

In 1974. The problem is that

while multi-national acrospace

projects can indeed spread com-

mercial risk and extend produc-

tion runs they are also liable to

be hit by inflation in other

There is no easy way out of

this for VFW. Some of its execu-

tives believe that with its high

technological base it could survive without MBB. But the

German Government is clearly

sceptical and ultimately both VFW and MBB are dependent

on the goodwill of the Govern-

The merger negotiations have

the conflicting interests of

become a Gordian knot, made

the various shareholders. But

countries involved.

costs of the Tornado have

tion mark over the project.

tions and research satellites.

ERNO also bas a tbree-

FOKKER AND VFW AFTER THE SPLIT

## Divided they flourish

BY CHARLES BATCHELOR IN AMST ERDAM AND ROGER BOYES IN BONN

FOKKER, THE Dutch sero the Airline Deregulation Act quired for new projects. The space group, has amerged from now allows commuter airlines to Dutch Government has agreed nis mosiccessful 10-year liaison fly larger aircraft a with the West German aircraft The F-28. This aircraft has to mid-1981. If the project then the physician is a much changed not matched up to sales hopes goes ahead Fokker hopes the common of the physician is a matched up to sales hopes. el:company. It now has a new but is operating in the difficult summagement and a clear idea 65-85 seat let market Fokker 2:06 the markets it must aim for has sold 162 and expects to con-

the sin the view of Fokker's new 1980s. Chairman, Mr. Frans Swarttouw. The F-29. This should be the more ill-matched couple next major civil programme inwould have been difficult to volving co-operation with the find VFW was predominantly U.S. Japan and possibly other military aircraft maker while European countries. Fokker has Fokker's strength was its civil an agreement with Boeing to r aircraft programme.

A civil aircraft manufacturer this 130-160 seat jet.

elling to commercial airlines Fokker is elso talking with selling to commercial airlines bas an entirely different bas an entirely different the Japanese tagger of approach to a defence contractor, chasing government discussing co-operation with a number of manufacturers, including the Airbus concentration of manufacturers, including the Airbus concentration of manufacturers, including the Airbus concentration of the property of world. Fokker's markets in the developing world require long support lines to customers often operating only one or two air-craft. The military aircraft builder sells bigger lots to few customers who place price second to military and tech-

Fokker will not turn down profitable defence contracts—it is at present part of a European-"Age present part or a European-"American consortium building the General Dynamics F-16 fighter—but this will remain subordinate to its civil aircraft programmes, says Mr. Swart-

the one new civil aircraft the F-27 and F-29 in size, using less in developed jointly by Fokker entirely new turboprop and and VFW was the VFW-614, of technology.

Previous which only 16 were sold. The New men have been brought lo light problem was that this aircraft corner overlapped markets alreedy in some served by Fokker with its F-27 and F-28 airliners. VFW accused Fokker of putting too little

between Bonn and VFW in RVIC Bremen and between Fokker in Amsterdam and The Hague by-passed the company's joint headquarters ., in ... Dusseldorf, Fokker says.

Fokker is now unable to make

as previously the situation was

Apart from space and defence contracts, Fokker alms to sup-port three-civit aircraft programmes at one time. It now has two programmes under way, one under detailed study and a

tinne production into the late

use the Boeing 737 fuselage for

take place in Japan and the U.S. as well as in Europe to enable the aircraft to compete more effectively with local manufac-turers. Production costs in Europe are high and have been made relatively higher by the weakness of the dollar.

weakness of the dollar.
Fokker originally hoped to decide by mid-1981 on whether definitely to gn shead with this \$800m-\$1hn project hat a decision may be delayed. The F-29 is due to fly in 1985.
The advanced turboprop air-liner Fokker has begun studied. liner. Fokker bas begun studies on a new aircraft for the shortto-medium haul market between

in at all levele of management to pilot the company into the 1980s. Mr. Swarttouw, now aged 47, came to Fokker only two years ago from the bighly successful container company, European Container Terminus, to the built let.

The strong interest which which be built up in Rotterdam.

The strong interest which which be built up in Rotterdam.

The strong interest which which be built up in Rotterdam.

The strong interest which which be built up in Rotterdam.

The strong interest which which be built up in Rotterdam.

The soft industries also contributed for the last been responsible for the decision to work with, rather than confront, the Interneticoal, mainly American, competition. Fokker has made many successful aircraft in its 60-year history. But in recent times it has made very little money. Turnover climbed from Fl 369m in 1970 to F1 965m last year but total profits in the 10-year period amounted to only F1 36m. Even this small sum was all but

> . The company's shareholders. who include Northrop Corpora-tion, Algemene Bank Neder-land and the VII Stork fone under detailed study and a engineering group, bave seen little return on their investage.
>
> They ment Fokker has not paid a The F-27. Sales of the most dividend since a 9 per cent discome from the Ai-bus propoular turboprop airliner ever tribution in 1975. Profits are gramme which has helped built have now reached 715 and expected to be somewhat higher

wiped out by a FI 35m loss in

Government will provide loan guarantees to finance product for the European aircraft.

Forcign partners are also pronged needed, however, to fund a project of this size. For this reason Fokker has turned to the U.S. Japan and other European manufacturers. The Dutch company is bappy to form ad hoc links with other groups on pro-jects of this kind, though its experience with VFW mcans that a more permanent link is unlikely, says Mr. Swattouw.

#### Coping well in

VEREINIGTE FLUGTECH-NISCHE WERKE (VFW) is coping well with the difficult limbo period batween divorce and re-marriage. Its profits and sales bave soared over the pest year, largely as a result of ucrative civil aircraft production and to its expanding space programme.

The divorce was at times painful but, for the past two years, inevitable. It was above all, the pre-condition of the long-awaited merger between and Messerschmitt-Boelkow-Blohm merger actively encouraged by the Bonn Government, which was determined to create an independent and truly competitive German aerospace Industry.

Much to the annoyance of the German Government, merger negotiations ere still winding their weary way towards a conchiston. Some executives in the industry believe that the merger could be finalised by the end of the year—but the same executives were saying the same thing last year.

In the meantime, both VFW and MBB are flourishing. For MBB, with its full military order books, this hardly cornes as a surprise. But VFW, heavily dependent on government sun- at least the company feels it is port throughout its partnership with Fokker, was certainly not tipped to be the aerospace come to resemble waiting for usiness success of the 1980s. Godot.

Yet last year VFW nushed up net profits from DM 2.52m to DM 9.79m (\$5.5m) while sales advanced by DM 100m to DM 965m. The previous year its profits were almost solely because of orders booked by ERNO, VFW's space engineering subsidiary.

Much of the sales boost has come from the Airbus proare expected to reach 1,000 in 1930 than the FI 4.8m in aircraft division up from before it is phased out in 10 to 1979.

15 rears time. A new market Retained profits can meet The success of the Airbus has opened up in the U.S., where only a fraction of the sums re- A-300 and A-310 has snowballed

## Fiat chief warns of grimmer prospects for car operations

BY PAUL BETTS IN TURIN

group's car operations.

pronged space programme which bas considerable growth negotiations with the French potential. In the first place, the Peugeot-Citroen car group to company is prime contractor produce jointly major car componeols. He said that the negoof huilding a joint composeots major qualification, plant. The Fiat chairman desis collaborating with French industry in the construction of eribed Peugeot as his groups "natural ally," and the joint venture is likely to involve production of some 1m mediumsized engines a year.

In the face of contiouing proin Italy and in other industrialised countries, Sig. Agnelli said at the company's annual meeting in Turin, that Fiat's competitiveness had dropped by 17 points from the beginning of 1979 to April this year compared t its main competitors. Productivity at Fiat was now 28 per cent less than the average productivity rate of other major car

manufacturers. Sig. Agnelli also said after the annual meeting that Fiat was seeking to reduce its overall car production in the second half of the year by 30 per cent. as the company could not afford to maintain an excessive level of stocks. The present level of stocks totals between 60,000 and 70,000 vehicles and Fiat wants to reduce production hy a forther 130,000 cars this year.

Flat is now planning widespread lay-offs later this year in a significantly tougher approach to industrial relations in view of the developing crisis in the car industry.

Moreover, Sig. Agnelli called yesterday for the settiog up of a European Economic Community special fund to help the troubled European car sector in its restructuring and reconstruction efforts,

Fiat's managing director and well equipped to hold out in a wait for a merger which has chlef financial executive, Slg. Cesare Romiti, said he expected losses on its car operations as capital Sig. Romiti said.

SIG. GIOVANNI AGNELLI, the for 1979 as long as the market chairman of Fiai, yesterday situation did not deteriorate renewed warnings of the infurther. The group's intercreasingly grim prospects of the national activities were also likely to report similar results Sig. Agnelli, confirmed that this year after a reduction and Fiat was involved in advanced rationelisation of some of its operations.

The company disclosed for the first time coosolidated figures of toe overall financial position, liations involved the possibility although these contained a

solidated balance sheet and have its accounts independently audited by one of the big eight international audition firms as from 1981. Meanwhile, Sig. Romili said Fiat recorded an ductivity problems and the overall group consolidated pro-widcoing gulf between inflation fit of L25bn (\$29.83m) in 1979, excluding South America.

> The parent company, Fiat Spa. reported a profil of L39.7bn last year despite losses of L97.2bn io its troubled car divi-

This consolidated profit does not take into account losses of nearly L200bn in Fiat's South American operations, Sig. Romiti said, He isolated the South American losses from the overall figures because claimed Fiat's operations there where gross revenue totalled some L1,300bn last year, were still at an early stage of develop-ment and bad "promising longer-term growth prospects."

The group's gross consolida ted revenues last year totalled L17,334bn (\$20.68bn) compared to L15,089bn in 1978. The group's overall floancial debts at the end of last year amounted L5.616bn including L1.200bn of debts in Fiat's South American operations and L1.000bn of debts in the group's entire over-scas commercial network.

Sig. Romlti also disclosed that Fiat's overall stocks, including raw materials and finished products, totalicd L6,000 on at the end of last year, while the group's working capital, including commercial credits, stocks and supplier debts, amounted to L5.300bn. Thus Fiat's overall debts were roughly the equival-Fiat to report this year similar ent of the group's total working

## Moët-Hennessy

فكذامن الأحيل

The Annual General Meeting, held in Paris on 20th June 1980 under the Chairmanship of Mr. Frederic Chandon de Briailles, approved the accounts and balance sheet for the financial year ending 31st December 1979.

The dividend for the year was fixed at FF 13 per share, added to which there is the tax paid in advance (tax credit) of FF 6.50, giving a total dividend of FF 19.50. an increase of 24%.

Since the interim dividend of FF 6 was paid on 4th February 1980, the balance remaining of FF 7 will be paid from 7th July 1980 against delivery of coupon

The Annual General Meeting also renewed for a period of 6 years the appointments of Mr. Frederic Chandon de Briailles and Mr. Geoffroy de Murard as Directors,

The Board of Directors, which met following the Annual General Meeting, reappointed Mr. Frederic Chendon de Briailles as Chairman and Mr. Kilian Hennessy as Vice-Chairman.

Executive management of the Group will thus remain

Mr. Frederic Chandon de Briailles, Chairman Mr. Alain Chevaller, Vice-Chairman and Managing

Mr. Alain de Pracomtal, Director and General Manager

(The Annual Report for 1979 can now be supplied in French and will be available in English from 20th July al the Company's Head Office, 30 Avenue Hoche, Paris).



#### **ENTE NAZIONALE** PER L'ENERGIA ELETTRICA

U.S. \$100,000,000

Floating Rate Debentures due 1987 Convertible at the holders' option into

91/2% Fixed Rate Debentures due 1995

Guaranteed by the Republic of Italy

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest period from 1st July, 1980 to 2nd January, 1981, the Debentures will corry an Interest Rate of 10% per cent per annum and that the interest payable on the relevant Interest Payment Fiate, 2nd January, 1981 against Coupon No. 1 will be U.S. \$517.10.



The Bank of Tokyo, Ltd. London
Agent Bank

## Bosch buys U.S. tool maker

BY KEVIN DONE IN STUTTGART

THE BOSCH GROUP of West of some 350. To date it has and is planning to spend \$40m

Bosch, the Stuttgart-based manufacturer of automotive in-Bosch, the Stuttgart-based aiming to have a turnover there manufacturer of automotive in of some \$500m by the mid-dustrial, and bousehold electrical southwest said vesterday 1980s. Last year its U.S. sales cal equipment, said yesterday that it had reached agreement with Stanley Works for the acquisition of its Stanley Power Tools subsidiary based at New Bern, North Carolina. It re-fused to reveal the purchase

the starting point for an expan-sion of its electrical machine equipment.

The spite of the recession in

BY TERRY DODSWORTH IN PARIS

from emphasised, however, that the reversal arose from an exceptionally high level of

capital gains thrown up by dis-posals of assets in 1978.

Consolidated sales rose states less than the rate of inflation in France, going up by

HACRETTE FRANCE's largest industry.

totalled \$308m, excluding the turnover of companies in which It has an interest of 50 per cent

The ecquisition of Stanley Power Tools will increase its U.S. machine tool turnover by orice:

Some 50 per cent. As in Wast

The takeever is small, bow. Germany, the largest part of
ever, and is seen by Bosch as Bosch's U.S. sales are derived

U.S. market Stanley Power world motor markets, however, a Tools had a rurnover last year Bosch is still investing in the of \$15m and bas a workforce automotive sector in the U.S.

Hachette has wide

M. Jacques Marchandise, the chairman, has told sbareholders

that it was difficult to make a forecast for the current year because the group was heavily dependent on the results it

achieves in the second half. But

he underlined the company's

Profits plunge at Hachette

publishing group, suffered a interests in Sunday newspapers and a number of periodicals, including Le Point, Elle and the to FFr 97m (\$23.6m). The Nouvel Economiste.

shout 9 per cent from anxieties about the development

FFr 5.79bn to FFr 6.03bn. This of the book publishing industry,

slow rate of growth reflected which is suffering from the

Germany bas broadened its chiefly been involved in the in the next three years on interests in the U.S. with the manufacture of machine tools expanding its diesel injection takeover of the power tools for wood processing.

division of Stanley Works.

Bosch the Stuttgart-based its activities in the U.S. and is planning to spend \$40m or in the in the next three years on equipment plant of Charleston, North Carolina.

It sees its main chance in the U.S. in the introduction of the intr

It sees its main chance in the U.S. in the introduction of specialised technologles and In supply contracts with all the main U.S. motor manufacturers. of nearly 10 per cent in Borg-Warner, the important U.S. pro-ducer of mechanical automotive components. With the purchase of this abare for \$62.9m at the end of 1976 it also acquired a seat on the Borg-Warner board.

It also holds a 25 per cent equipment. Interest in American Micro
In spite of the recession in Systems, the U.S. producer of
world motor markets, however, semiconductors, which will have e turnover this year of \$130m-\$140m.

Ruetgerswerke

FRANKFURT - Ruetgers-

werke, the West German pro-ducer of plastics, tars and chemicals used in construction.

reports a sales increase of 35 per cent in the first five months

The annual meeting was told

that growth would be consider-

ably lower during the rest of

the year, however, because of

rising costs and the downtrend

Sales of basic chemicals had risen by 34 per cent in the five

in economic growth.

lifts sales

#### Focus on Hessische Landesbank - Girozenfrale -

## "In fact Hessische Landesbank is Frankfurt's leading issuing house."

Where does the name Hessische Landesbank originate?

"Hessische Landesbank is a government-backed regional bank which derives the first part of its name from Hesse, one of Germany's foremost federal states with its financial capital Frankfurt. The second part points to our activities as banker to the State of Hesse where we also perform clearing and other centralized functions for the state's 52 Spar-

#### What are the bank's main activities?

"Hessische Landesbank is ... fundamentally a wholesale universal banking institution. Our service facilities cover the full range of commercial and investment banking. We concentrate on medium to long-term fixed-rate DM lending. This means that domestically and internationally our main clients are large corporations, government entities and other financial institutions.

Other important activities include major money market oper ations, where our clientele is composed chiefly of corporate clients and financial institutions, and foreign exchange transactions conducted primarily on behalf of corporations and the state's Sparkassen."

#### What about your position in interbank business?

"Size, of course, is important. With total assets of DM 49.2 billion, we are Germany's 9th largest bank. We also issue our

## Where do you put your emphasis in international financing?

own bearer bonds and SD Certi-

licates - the total now in circu-

lation is over DM 21 billion -

which means that our own

funding capacity is quite sub-

stantial, enabling us to provide

long-term fixed-rate DM loans

term credit packages to foreign

Hessische Landesbank is Frank-

as well as short and medium-

financial institutions. In fact,

furt's leading issuing house."

What are your strengths in the

clientele includes institutional

tutions. In addition, we provide

our loreign clients with infor-

mation and research on both

foreign currency issues."

"We are particularly active in

securities market?

"As already pointed out, our strength is in the medium and long-term sector. Our foreign lendings include buyers' and sellers' credits as well as straight financial loans. We also provide short and medium-term credit through our foreign banking subsidiaries to cover the financing requirements of international projects."

> And your commercial banking activities?

"We have an excellent record in documentary business where our correspondent network is of special value. Also worth mentioning is our membership in S.W.I.F.T. In addition, foreign clients appreciate our advice and guidance on German business activities."

What is your guiding philosophy for your long-term development?

"More than anything else we believe in quality service. We are conservative in approach, and program our growth to a healthy overall balance structure. We do not pursue growth for the sake of growth. We seek mutually profitable long-term client relationdomestic bond trading. Here our ships."

investors as well-as financial insti- Hessische Landesbank - Girozentrale -Junghofstrasse 18-26 D-6000 Frankfurt/Main German fixed-interest securities Telephone: (0611) 132-1 and shares, and act as depository Telex: 415291-0

## the competitive situation in decline in consumer spending months, plastics had risen 33 per cent and building materials wisness and the magazine visual communications. Austrian banks step up competition

BY PAUL LENDYAI IN VIENNA

FOR THE FIRST time since cluded on March 1, 1979. Parks and Bankers, the 30 main errangement which was con-

for deposits affects 48 per cent FOR THE FIRST time since cluded on March 1, 1979.

World War II the Austrian The interest rates on various of all Austrian savings deposits. The interest rates on various of all Austrian savings deposits. According to Dr. Treichl, about announced show some significant of the small categories of deposit since to compete for the small categories of deposit since to compete for the small categories of deposit since to categories of all Austrian savings deposits. Bankverein, the number one month deposits with the lowest banks and Bankers, the 30 main bank, introduced a completely rate of interest at 5 per cent new gimmick by offering 6.25 since April 1980. This hasic rate, increased from 4 per cent months withdrawal notice. All to 5 per cent in April, should other banks, savings benks and remain at the same level and other banks, savings benks and their offers with deposits with reduced, Dr. Treichl stressed at the general assembly of the arrangement which was con-

bank for them. We also participate regularly as underwriters in Euro-DM issues and publicly offered

Helaba Frankfurt
Hessische Landesbank-Girozentrale-

\$50,000,000

July 2, 1980

#### **American Natural Resources Company**

Medium Term Loan

managed by

#### Salomon Brothers

Bayerische Vereinsbank International Société Anonyme

Crédit Lyonnais

County Bank Limited

Société Générale

Banque Arabe et Internationale d'Investissement (B.A.L.)

Abn Dhabi Investment Company

Bank Julius Baer International

Banque Générale de Luxembourg S.A.

Chemical Bank International Group

Richard Daus & Co. Bankiers

Dillon, Read Overseas Corporation

Kuwait International Investment Co. s.a.k.

Banca del Gottardo

Banque Louis-Dreyfus

Bayerische Vereinsbank

B.S.I. Underwriters

Continental Illinois

Robert Fleming & Co.

Intra Investment Co. S.A.L.

Lloyds Bank International

Nomura Europe N.V.

Privatbanken

July 2, 1980.

Merrill Lynch International & Co.

Saudi Arabian Investment Co. Inc.

Skandinaviska Enskilda Banken

Svenska Handelsbanken

Vereins- und Westbank

Westdeutsche Landesbauk

Girozentrale

Algemene Bank Nederland N.V.

Morgan Stanley International

Caisse des Dépôts et Consignations

Bank of America International

Banque Nationale de Paris

Caisse Centrale des Banques Populaires

Baring Brothers & Co.,

Compagnie de Banque et d'Investissements (Underwriters) S.A.

Hambros Bank

Rothschild Bank AG

Bergen Bank

Copenhaegn Handelsbank

Den Danske Bank

Norddeutsche Landesbank

Girozentrale

Dresdner Bank

Hessische Landesbank

-Girozentrale-

Istituto Bancario San Paelo di Torino

London & Continental Bankers

Samuel Montagu & Co.

N. M. Rothschild & Soas

J. Henry Schroder Wagg & Co.

Smith Barney, Harris Upham & Co.

J. Vontobel & Co.

Dean Witter Reynolds International

Union Bank of Switzerland (Securities)

Crédit Lyonnais Chicago Branch

Goldman Sachs International Corp.

Arnhold and S. Bleichroeder, Inc.

Bank Mees & Hope NV

Crédit Industriel et Commercial

DG BANK

Kidder, Peabody International

LTCB International

Morgan Grenfell & Co.

Shearson Loeb Rhoades International

S. G. Warburg & Co. Ltd.

The Royal Bank of Canada (London)

Strauss, Turnbull & Co.

Wood Gundy

**Barclays International Group** 

Daiwa Europe N.V.

**Bache Halsey Stuart Shields** 

**Bankers Trust International** 

Banque de Paris et des Pays-Bas

Banque de l'Union Européenne

Citicorp International Group

Creditanstalt-Bankverein

Deutsche Girozentrale

-Deutsche Kommunalbank-

**European Banking Company** 

Chase Manhattan

IBJ International

Kleinwort, Benson

Lazard Frères et Cie

Manufacturers Hanover

Morgan Guaranty Ltd.

Singer & Friedlander

Sanwa Bank (Underwriters)

Sumitomo Finance International

Yamaichi International (Europe)

Union de Banques Arabes et Françaises-U.B.A.F.

Bayerischa Landesbank Girozentrale

Blyth Eastman Paine Webber International

Compagnie Monégasque de Banque S.A.

Bank Gutzwiller, Kurz, Bungener (Overseas)

Banque Française dn Commerce Extérieur

Banqua Internationale à Luxembourg S.A.

Commerzbank Aktiengesellschaft

Salomon Brothers International

Société Générale de Banque S.A.

Centrale Rabobank

E. F. Hutton International Inc.

Pierson, Heldring & Pierson N.V.

Lazard Brothers & Co.,

Kredietbank N.V.

Midland Bank Limited

Société Générale De Banque S.A.

agent

**Bayerische Vereinsbank International** Société Anonyme

This announcement appears as a matter of record only. The Bonds were offered and sold outside the United States of America.

U.S. \$125,000,000

Electricité de France

10% Guaranteed Bonds due July 1, 1988

Unconditionally guaranteed as to payment of Principal,

Premium, if any, and Interest by

The Republic of France

Crédit Commercial de France

The Bank of Bermnda, Ltd.

Banque Bruxelles Lambert S.A.

Bayerische Hypotheken- und Wechsel-Bank

Berliner Handels- und Frankfurter Bank

Christiania Bank og Kreditkasse

Banque de Neuffize, Schlumherger, Mallet

Cazenove & Co.

La Compagnie Financière

Hill Samuel & Co.

**EuroPartners Securities Corporation** 

Orion Bank Limited

Banone de l'Indochine et de Suez

Crédit Agricole

Den norske Creditbank

Kredietbank S.A. Luxembourgeoise Kuhn Loeh Lehman Brothers International Inc. Knwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Nederlandse Crediethank N.V. The Nikko Securities Co., (Europe) Ltd. Nippon Credit International (Hong Kong) Nippon European Bank S.A.

Sal. Oppenheim jr. & Cie.

Kuwait Investment Company (S.A.K.)

Amsterdam-Rotterdam Bank N.V.

Bank Leu International Ltd.

Banque de Paris et des Pays-Bas (Snisse) S.A. Banque Populaire Suisse S.A. Luxembourg Banque Rothschild

#### Record earnings at Mitsubishi **Electric**

MITSUBISHI ELECTRIC Corporation, the Japanese electric machinery company, increased its consolidated net profit in the year to March 31 by 4 per cent to a record Y32.621bn (\$148.5m), from Y 21.961bn the

Sales also reached a record

Mitsubishi attributed the improvement mainly to gains in heavy electric appliances, comsystems, integrated circuits (ICS) and electric components for automobile manufac-

about Y258 98bn, while electric and industrial devices aales increased 19 per cent to Y377.44bn, from Y316.28bn. Genaral electric appliances asles totalled Y218.5bm, or 19 per cent more than the Y183.12bn in 1978-79, and consumer bome alectric products Y292.79bn, up 12 per cent from Y260.37bn.

Net income per share was Y23.23, compared with Y16.22.

associated with increased profitability among the group's sub-sidiaries, as well as to a decrease in operational costs and the yen depreciation.

Both sales and net income showed year-on-year rises for the fourth consecutive year.

The company expects results in the current year to be similar to or better than those last year, in a worsening business climate.

that as China's economy grows, tomorrow will turn increasingly to London brokers.

level, gaining 17 per cent to Y1.189bn (\$5.4bn), from

plant construction and offshore, oil equipment. Sales of beavy electric The People's Insurance Comappliances came to about Y300.73bn up 16 per cent from pany of China, tha national insurance company, though still trailing some way behind the enterprising Bank of China, which now runs a multi-billiondollar organisation, is impldly pursuing new business under the impetus of Peking's "Four Modernisations."

Exports rose 21 per cent to Y186.53bn from Y154.50bn. belped by the yen's weakness in

The rise in net income was

CHINESE INSURANCE

insurance experts to

While language and engineer-

ing study abroad bave become

commoo for the Chinese in the

last couple of years, this is the

first time that anyone has come

to sit at a desk in a western business to view capitalism at

work. The trainees' particular

brief is to study the insuring of

## A study in capitalism

BY COLINA MACDOUGALL

Cricket, opera at Glynde on a wrecked Liberian tanker bourne, picnics, and British heer and a lost U.S. communications satellite. According to the Hong Kong magazine, Economic are the informal side of the programme that Sedgwick, the UK Reporter, the value of shared premiums went up last year to \$133m, from almost nil n few insurance group, has laid on for its new Chinese trainees. Eight trainees altogether bave come to London for two years, two to Sedgwick, and three each to C. T. Bowring and Wills and Faber to learn the international insurance business. The hope is years ago.

The PICC's direct premium

income is also rising. Last year, the Economic Reporter said, it

While language training and engineering study abroad have become common for the Chinese in the last couple of years, this is the first time that anyone has come to sit at a desk in a western business to view capitalism at work

\$66m in 1977. Marine hull and cargo business, together with aviation, must account for much of this. Peking insures its in-ternational flights and the internal Chinese flights of foreign airlines, but not yet its own domestic flights. The Chinese have at last

woken up to some important considerations. First, their pur-The PICC got the go-shead from Peking to step up its activities last year. Aiready the staff has quadrupled to 2,000 and chases of foreign plant repre-sent huge investments of precious foreign exchange.
These should be protected, at itast while they are being built and paid for. Joint equity venbranches bave multiplied. New areas of foreign business and new categories of coverage were introduced at the end of last tures and compensation trade bave to be insured for at least year and the domestic insurance of property and transport of the foreign partner's sake goods were revived, for the first (under the 1979 Joint Venture Law. cover must be taken out

In recent times the PICC's from the PICC).
main business has been re-

Finally, they have woken up to the fact that there is money to

be made. brokers view the London prospects of new reinsurance business with China as premising. One leading company says that while its business with China is equivalent to only about a fifth of its tous ness with Japan, it confidenties expects the volume to donble in the next year. The PICC has ventured into the new insur-ance exchange in New York taking a 10 per cent sbare in the South Place syndicate ring by Stenhouse Holdings and Continental Corporation. It has also formed a link with Firemen's Fund, a subsidiary of

American Express. The main growth areas for foreign insurance companies in the China business are likely to ba in reinsuring major ne plants supplied from abroad and offshore oil equipment. In the previous round of buying in foreign plants were insured by

The Baoshan steel con now rising near Shanghai is sampla of China's new policy Much of it was purchased from Japan, and the PICC is provide ing all insurance. However, the Japanese (who had hoped to co-insurers) will be co-re surers, getting 50 per cent of the husiness. The Chinese will farm out the remainder of the reinsurance elsewhere it the reckon the risk warrants it.

China's nascent offshore oil industry is the other bly deve-lopment area for foreign reinsurers. With foreign purchaserigs costing about \$60m a til main business has been reinsurance. Not only has it begins to re-insure its own projects, it also acts as reinsurer for foreign brokers. Last year, for instance, it paid out insurance, it paid out insurance, it paid out insurance, it paid out insurance, it change some and the responsible for their own profit which seven are foreign-builty and loss, and this clearly is insured though this is likely the responsible for their own profit which seven are foreign-builty and loss, and this clearly is insured though this is likely.

## CSR heads for A\$100m profit

BY JAMES FORTH IN SYDNEY

time since t967.

CSR, the industrial and mining At the Collie steaming coal Australia A 15 man negotiating group, is heading for a group mine in Western Australia, the party is in Japan. Referring to group, is heading for a group profit of A\$100m to A\$110m (around U.S.\$120m) in 1980-81, about 35 per cent more than the record of A\$77.3m in 1979-80. This was indicated on Monday by Mr. B. Kelman, CSR's deputy general manager, on the release of the company's annual

The accounts reveal that following its A\$465m takeover last year of Thiess Holdings, the coal and civil engineering group, CSR is poised for dramatic growth in coal developments. The Federal govern-ment at the weekend granted foreign companies permission to participate in the A\$600m. Hall Creek coking coal project in Queensland, with a letter of 3.5m tonnes year, expected later this year. The Theodore steaming coal prospect in Queensland is expected to be a viable pro-ject by 1984, with an initial capacity of 1m tonnes a year

reserves have been substantially boosted, to 457m tonnes, and could rise again if a joint ven-ture with Broken Hill Proprie-tary Company on adjacent deposits meets expectations.

The report also discloses that letters of intent have been signed with an overseas party for the supply of 110 tonnes of uranium oxide a year from the Honeymoon prospect in South Australia. A preliminary study is being undertaken of the large oil shale deposit at Julia Creek in Queensland, where drilling has increased reserves to 4bn tonnes of sbale containing 1.5bn barrels of oil-in-situ. Although lead times would be long, the deposit could become a major. source of crude oil and refined products for Australia. ..

ore deposit at Yandiscoogina in the Pilbara region of Western Zealand.

party is in Japan. Referring to in NSW with the French group Pechiney, CSR directors said a ten year sales contract for a the aluminium production had been concluded and talks relating to the balance were being held. Negotiations for its share.

advanced stage. ...

Discussions continued will various Australian state gove ments and the New Zeel Government concerning the aluminium smelters directors said that CSR also actively investigating a number of possible avenues of production of ethanol, from singar cane, as well as from other crops such as cassava sugar beet and cereals. New Zealand Sugar company was also carrying out a feasibility. CSR is also actively trying to Zealand Sugar company was interest Japanese steel mills in the development of a large iron study of ethanoi production from sugar beet in New Zealand

#### Supreme takes control of Keng Soon

gradually rising to 5m tonnes.

By Wong Sulong in Kuala Lumpur SUPREME CORPORATION, the Malaysian property and plantation group, has announced a deal to acquire control of the Keng Soon Finance group of companies for a sum approaching 40m ringgitt (US\$ 18.7m).

Supreme will acquire 4.664m sbares of Keng Soon Finance Berhad, 4.5m shares of United Keng Soon Holding Berhad, 50,400 shares of Keng Soon Credit and 80,000 shares of Kisan Agency Sdn. Berbad, representing 74 per cent too per cent, 80 per cent and too per cent of their respective equities equities.

The deal will be satisfied through a cash-cum-share offer. For Keng Soon Finance, Supreme will pay cash of 2.8m ringgit (US\$ 1.3m) plus 11.66m Supreme sbares valued at 2 ringgit each; for United Keng Soon, cash of 1.35m ringgit (US\$ 630,840) plus 5.625m Supreme sbares; for Scott Supreme Spaces, for Keng Soon Credit cash of 50,400 ringgit plus 226,800 Supreme shares; and for Kisan Agency 60,000 ringgit plus 270,000 Supreme ahares.

Supreme explained that the group had been looking around to diversify into the financial sector. Last year, it took a 30 per cent stake in QBE-Supreme Insurance.

The Keng Soon group is currently involved in such operations as purchase of motor vehicles, property develop-ment, and insuranca brokerage. Supreme said the total profit for the Keng Soon group for this year is estimated at 7.4m ringalt (US\$3.46m) of which 6.1m riggit would be attributable to Supreme.

With the acquisition, Supreme's paid up capital would be increased from 33m ringgit (US\$15.4m) to 51m ringgit (US\$23.8m), and group reserves from 3.7 ringgit to 21.6m ringgit. Net asset backing per share will increase from t.11 ringgit to 1.42 ringgit, but net tangible assets per share would decline from 98 cents to 88 cents.

Supreme said its net pre-tex profit for the year ending June 1981 is expected to be 16m ringgit (US\$7.5m).

#### Adelaide Steamship buys stake in David Jones

PANY, one of the most acquisi- under 10 per cent since at exchange lists, has emerged with a substantial stake in Australia's oldest department store group, David Jones. The directors of the retail group met with representatives of Adelaide at the weekend and offered board seats to three senior

executives of Adelaide.

David Jones has been the target of takeover rumours, and sporadic beavy trading, over the past two years, because of its poor earnings record, but Adelaide's name had not surfaced in market speculation.

buying since late last year, and

ADELAIDE STEAMSHIP COM- late last year, and has held just tion-minded companies on the February. It doubled its stake exchange lists, has emerged last week in heavy trading. The directors of David Jones said on Monday that the weekend meeting had discussed file present and future implications of Adelaide's move, and established that both boards had an interest in the development and improved profitability of the

The Adelaide board had given an essurance that the protection of the interests of the Jones staff would be of part mount importance. The Janes directors had confidence in the (IEL), headed by Mr. Ronald to sbareholders that they remain their shares at the source buying since late last recommended to their shares at the source buying since late last recommended. levels. The net tangible asset built up a stake of just undar 10 per cent before Adelaide is A\$2.60, which values the played its trump.

It turns out that Adelaide has plcked up its stake at between also been quietly buying since A\$1.32 and A\$1.50 a share.

#### **BANCO NACIONAL** DE CREDITO RURAL S.A. BANRURAL

Kuwaiti Dinars 10,000,000

81/2% Notes due 15th June, 1985/90 We, Kuwait Foreign Trading Contracting & Invest

ment Co. (S.A.K.) as Fiscal and Principal Paying Agent, on behalf of the Borrower, have completed purchase of Notes in the principal amount of KD 400,000 with immatured coupons bearing serial numbers 425 to 444 1625 to 1662 1721 to 1722

1921 to 1940 (all numbers inclusive)

for the year ending 15th June, 1980 in terms of Condition 4 (B) of the terms and conditions of the Notes. KD 9,600,000 principal amount of Notes remain out standing after 15th June, 1980.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Omar Bin Al-Khattab Street, P.O. Box 5665, Safat, Kuwait City, Kuwait.

and July, 1980-

هكذامن الأجل

## and Markets CURRENCIES, MONEY and GOLD

## Lira weak

The Italian lira continued to payments deficit coupled with weaken in turrency markets yesterday ahead of today's existence deconomic package. The fact after it rose to the top of tralian authorities will announce firm for most of last year. The lira which has fallen considerably over the past three weeks. ably over the past three weeks, rates moved sharply as Eurollica Although still within its maximpermitted divergence in the European Monetary System, the lira was weaker yesterday than at any other time since the fixing, and sterling to system began in March 1979. Its L1,988.40 from L1,981.75.

Call came despite efforts by the Italian central hank to prop up

Takes moved sharply as Europira interest rates rose on fears of a possible devaluation of the lira in the near future. The dollar rose to L847.55 from L838.75 at the fixing, and sterling to L1,981.75.

CMARK — Slightly weaker Ifalian central hank to prop up DMARK Sugney wearer list curreccy by intervening in within the European Monetary the foreign exchange market System recently, but showing a firmer tendency against the

with market estimates putting firmer tendency against the this at something over \$150. On dollar following a sharp narrowing of England figures; the lira's index fell to \$2.8 from 53.0. Sterling was quoted at L1,985 compared with L1,974; and the U.S. dollar at L841. Sterling was slightly firmer the Bundeshank did not inter-overall, and its trade weighted. Sterling was slightly firmer the Bundesbank did not interoverall, and its trade weighted index, measured against a basket of currencles, rose to 74.5 from 74.4 having stood at 74.5 at noon and 74.4 in the morning. Against the dollar it opened at \$2.3545-2.3555 and rose to a best level in early afternoon trading of \$2.3620-2.3630. Later in the day however, the dollar recovered slightly, and sterling finished at \$2.3597.2.3607, a rise of 37 points from Monday. The dollar was unchanged on balance, but retained a softish undertone.

but retained a softish undertone but retained a sorush unnercone amid persistent selling out of the U.S. Business was et a low level for most of the day how ever, and there was no real pressure on the U.S. unit. On Bank of England figures ifs and balance of payments prob-lems reflected in sharp decline the U.S. Business was et a low level for most of the day how level for most of the day how ever, and there was no real pressure on the U.S. unit on Bank of England figures its trade weighted index was unchanged at 83.5.

ITALIAN LIRA — Weakest member of EMS, reflecting Italy's growing economic problems. The country's balance of the year reflected in sharp decline last year. More recently lower U.S. interest rates have belped the yen recover. — The yen lost ground to the dollar in active Tokyo trading. The U.S. currency closed at Y220.00, compared with Y218.10 an Monday, and after opening at Y21980. It touched a three week bigh of Y220.80, and was steady around the Y220 level in late trading.

	ECU central rotes	Currency amounts against ECU July 1	% change from central rate	% change adjusted for divergence	Olvergence
Belgien Franc Oanleh Krone Germen D-Merk French Franc Dulch Gullder Irieh Punt Italian Lire	39.7897	40,2554	+1.17	+0.42	±1.53
	7.72336	7,80514	+1.11	+0.36	±1.64
	2.48208	2,51788	+1.44	+0.69	±1.125
	5.84700	5,83784	-0.16	+0.90	±1.3557
	2.74362	2,75825	+0.53	-0.22	±1.512
	0.668201	0,571072	+0.43	-0.32	±1.663
	1157.79	1201,13	+3.74	+2.61	±4.08

#### THE POUND SPOT AND FORWARD

July 1	. spread	Close	One menth	D.O.	nonths	, e.
ü.s.	2.3545-2.3630	2,3597-2,3607	1.95-1.85c pm	<u></u>	4.28-4,19 pm	
Селадо	2.7075-2.7150	2.7120-2.7140	1.33-1.23c pm		3.70-3.60 pm	
Nethind.	4.54-4.57	4.544-4.564	312-2120 pm			
8algium	66.35-66.65	68.40-68.50	30-50c pm		7%-6% pm	6.48
Donmark	12.87-12.92				62-52 pm	3.43
		12.891,-12.9012	11zore pm-per		17.33 dis	<b>−</b> 0.81
ireland	7,1065-1.1100	1.1063-1.7073	0.05-0.01p pm	0.32	0.20-0.15 pm	0.63
₩. Ger.	4,141-4.171	4.15 <sup>1</sup> ,-4.16 <sup>1</sup> 2	31-21 pf pm	8.65	614-714 pen	7.45
Portugal	116.00-116.00	115.45-115.65	10c pm-25 dis	-0.78	35 pm-85dle	-0.52
6pein	165.00-165.75	165,40-165,60	24c pm 22 dla		47-98 dis	-1.75
Itoly	1,980-1,988	1,984-1,986				-16.62
Norway	· 11.40%-11.44%	11.42%-11.43%	64-74 ore pm		194-164 pm	6.65
Franco	9.63° <sub>2</sub> -9.67	9,841,-9.651,	51 <sub>3</sub> -47 <sub>6</sub> c pm		114-10% pm	4.40
Sweden	<b>9.78-9.8</b> 15	9.80-9.81	314-21-ore pm		5-4% pm	1.91
Jopan	515-520	517½-618¾	2.35-2.05y pm		6.25-6,00 pm	4.73
Austna	29.40-29.55	29.49-29.54	19-17gro pm		48-43 pm	6.17
Switz.	3.8212-3.85	3.831-3.841,	4'4-3'4C pm		114-10's pm	11.07
- Bel	lgian rato le fi	or convertible.	francs. Financia		66.85-66.95.	
	-month leave		E7 10		20.00	

THE DOLLAR SPOT AND FORWARD

July 1	Day e	Close	One month	16	Three	7,
		Ciúse	Little (1900)	_ p.a.	months	p.a.
UK†	2.3545-2.3630	2.3597-2.3607	1.95-1.85c pm	8.66	4.28-4.18 pm	7.17
tbneiss i	2.1240-2.1330	2.1310-2.1330	1.80-1.70c pm	9.88	4.20-4.10 pm	7.81
Canada	1.1500-1.1507	1.1503-1.1506	0.33-0.37c dia		0.52-0.57dla	-1.89
Nethind.	1,9285 1,9330	1.9285-1.9300	0.24-0.34c dis	-1.80	0.30-0.40dis	-0.72
Balerum	28.15-28.221,	28.16-28.17	12-131-c dia	-8.43	25-28 dis	-3.76
Danmark	5.4650-5.4765	5.4650-5.4665	34-44cre die	-9.78	1012-11 dis	-7.87
W. Ger.	1.7605-1.7670	1.7615-1.7625	0.07-0.17pf dis		0.15-0.05 pm	
Portugal	48.87-49.00	48.87-48.97	30-40c dis		70-110 dis	-7.36
Spain	70.15-70.25	70.15-70.20	50-65c dia		150-170 dis	-9.12
taly	B41,30-842.00	841.40-841.70	24-31 lire dis			-23.29
Norwey	4.8435-4.8477	4.8440-4.8455	0.30-0.80ore dis		0.40-0.90dis	
ranco	4.0875-4.0945	4.0875-4.0890	1.19-1.28c dia		2.60-2.80dis	
Swedan	4.1525-4.1565	4,1650-4.1560	2.05-2.20ore dig		5.25-5.40dis	-5.13
Jagan	219.35-220.00	219.50-219.60	0.75-0.90y dis	-4.51	1.40-1.55dis	-2.69
Austria	12,51-12.54	12.51-12.52	1.79-2.35gro die		1.75-3.50dis	-0.84
świtz.	1.6255-1.6320	1,6265-1.6275	0.47-0.40c pm	3.21	1.91-1.54 pm	3.87
t UK	end iroland a	re quoted in U	I.S. cumoncy. Fo	orward .	promvums an	d

Sterling	RREN	CY RA	TES
U.S. dollar	Bank rate		European Currency Unt
Guilder 125.9 +19.9 Fronch Fr. French franc	11 10,63 13 13 13 13 95 91 15	1.32439	0.606103 1.43010 1.64419 17.8691 40.2358 7.79476 2.61583 2.75780 6.84625 1199.42 311.690 6.91667 100.243 5.93346 2.31919

July 1	£			£ Note Rates
Argentina Poso	4364-4384	1961-1959	Austria	29.35-29.65
Australie Oellar	2.0390-9.0430	0.8645-0.8650	8olglum	66,40-67.00
Brazil Cruzelro		52.115-52.316	Oenmork	12,84-12.94
Finland Markka		3.6295-3.6515	Franco	9.61.9.67
Greek Orachma,		49.70.42.95	Gormany	4.1312.4.1712
Heng Kong Dollar		4.9175-4.9195	Italy	1940-1995
ran Rial	n/a		Jopan	519-522
(Oxyait Olnar(KO)		0.2670-0.2671	Netherlands	4,63-4,67
uxembourg Fre.		29.15.28.17	Nerway	11.36-11.45
Malaysia Dollar		9,1440 2,1460	Portugal	112-116
New Zealand Oir.	2.3950.9.3910	1,0116-1,0125	Sonia	160 4-167
audi Arab, Rival.		3,3290-3,3310		9,75-9,83
ingapore Poliar.		2.1166-2.1185	Switzerland	3.8212.3.8414
Stir, African Hand	1 8150 1 8160		United Stales	2.354-2.363
IA.E. Dirh am			Yug bilevia	53-6712

		_		_		_
Rate	given	tor	Argentina	ķ	free	ráb

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of

the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of

EXCHAN	GE CRO	SS RA	TES

\_ 3 month U.S. dellars

bid 9 1616 offer 9 1618 bid 9 1518

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Sec. 2

Ë	. July 1	PoundSterling	U.S. Dollar	Osutschom'k	Japan sayan	FronchEtano	9wiss Franc	BatchGulld'	Italian Lira	Canada Dollar	Belgian Franc
	Pound Sterling U.S. Doller	0.484	2,360	4.160 1.763	618.0 919,5	9.650 4,089	3.840 1.687	4,653 1,929	1996. 841,0	2.713 1,149	66,46 29,19
ï	Deutschemark Japanese Yen 1,000	0.940 1.931	0,567 4,656	8,031	121,5 1000	2,320 18,63	0.923 7.413	1.094 8,799	477.9 3832,	0,652 5,237	15,67 128,3
i	French Franc 10 Swiss Franc	1.038 0.260	2.446 0.515	4.311 1.083	835,e 134,9	10. 2,513	3.976 1.	4,718 1,186	2057. 516.9	2,811 0,707	68.86 17.30
	Dutch Guilder. Italian Ilra, 1,000	0.504 0.504	n.818 1,189	0.914 2.096	113.8 261.0	2,120 4,861	0.643 1.936	2,293	435.0 1000.	0,696 1,367	14.50 33.48
ž	Canadian Dollar . Belgian Franc 100	0.369 1.505	0.970 3.552	1.533 5.360	190,9 779,5	3.557 14.59	· 1.416 5,779	1.678 6.851	731,7 2987.	4,083	24.4 <del>8</del> 100,

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 1)

				· Lokyo, I	Jeursche Bank	Baudne Mariou	ale de Paris, an	B Morgan G	Branty Trust
EURO-CUR	RENCY INT	EREST RAT	ES (Market (	losing Rat	es)				
		J. Dahad	ilen i		West Berman				
July I	Storling U.	S.Dollar Delle	ar Dutch Gulide	or Swiss Franc	Mark 1	French Franc	italian Liro	Asian 8	Japanese Yon

#### INTERNATIONAL MONEY MARKET German rates firm

Short term money rates remained firm in Frankfurt yester-day reflecting shortages of day to day money after the month end Seasonal transfers to the authorities, including employee's pension contributions, have meant that banks have had to resort to borrowing through the Lombard facility in order to gain sufficient funds. Call money yesterday was quoted at 10.30-10.60 per cent. sharply firmer than Monday's level of 10.20-10.40 per cent. One-month money was also firmer at 10.10-10.30 per cent compared with 9.90vere mostly easier, with one year money lower at 8.75-9.00 per cent against 9.10-9.30 per

cent previously. There was some speculation in the market that the Bundeshank may take measures to ease the shortage, such as further use of the pension swap facility. S.A at 121 per cent with longer term rstes also showing little change. In Brussels interest rates coutinned to decline after last week's cut in the discount rate. One-month Treasury bills were nut to 14 per cent from 144 per cent, while the rate on four-

MONEY RATES

month hond fund paper was lowered to 13.65 per cent from 14 per cent. Two and three-month Treasury certificate rates were unchanged.

#### **UK MONEY MARKET** Further shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979) Day-to-day credit remained in short supply in the London money market yesterday and the authorities gave assistance on an extremely large scale. This of Treasury bills from banks and discount houses, and small purchases of local authority hills all from the discount houses. The authorities also bought a moderate number of commercial bilis for resale at a fixed future today. The market was faced with moderately run down ment dibsursements.
balances brought forward by In the interbank

## GOLD

the London bullion market yesterday, closing \$9 an ounce was fixed at DM 37,330 per kilo higher at \$659-662. Renewed demand pushed the metal from an opening level of \$649-652 to a high of \$665 during the morn.

With \$652-655 an ounce on the distribution of \$652-655 and ounce on \$652-655 and ounce ing in active trading, and it maintained its higher level despite some small profit taking later in the day.

In Paris the 12½ kilo bar was fixed at FFr 86,350 per kilo (\$656.54 per ounce) compared with FFr 86,000 (\$653.40) in the morning and FFr 85,690 (\$652.12) on Monday afternoon. In Frankfurt the 121 kilo bar with \$6 Mooday. In Zurich gold finished at \$660-663 against \$652-655 pre-

	July 1	Jun	Juno 30		
	Gold Bullion (fine o	unes)			
Close	(£279-2801g) (£2761g-277) (£278,143) (£279,543)	\$650-663 \$653-656 \$662,50 \$653,50	(£27534.2774) (£277.9781 <sub>2</sub> ) (£280.780) (£277.109)		
	Gold Coins				
Krugarrand	(£288-290) (£286-288) (£211-79) (£78-80) (£78-80)	\$5661 <sub>2</sub> -6691 <sub>2</sub> \$5641 <sub>2</sub> -6671 <sub>4</sub> \$1841 <sub>2</sub> -1861 <sub>2</sub> \$182-195 \$182-196 \$157-160 \$905-810 \$638-643 \$744-748	(£283-£85) (£2911-£851 <sub>2</sub> ) (£6934-7054) (£7714-7854) (£7714-7854)		

viously.

banks and a small net take up of Treasury bills to finance. There was also a small increase dete. The help was made up the note circulation and a around 19 per ceot. However, six houses at MLR for repayment six houses at MLR for repayment to the Exchequer over Govern-touched 30 per cent but eased to the Exchequer over Govern-touched 30 per cent but eased In the interbank market.

overnight losus opened at 19-193 per cent and rose to 20-23 per cent before coming back to during the afternoon to close at

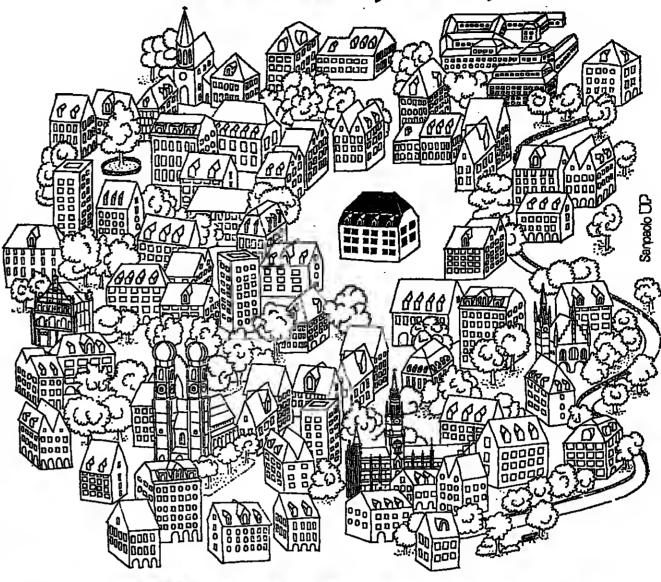
#### LONDON MONEY RATES

July 1  Ce	iterling rtificate deposit	interbank		Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits		Eligible Bank Cille &	Fine Trade Silie #
Six months 16	17-16% 56-16½ 56-14½	1714-1778   1769-1719	1812-1834 1610-1834 1756-1778 1715-1714 1634 1414-1434 14-1436	185 <sub>8</sub> ·16 <sup>2</sup> 4 171 <sub>4</sub> ·17 <sup>3</sup> 4	16½ 18¼ 17¼ 17¾ 16 151g 14¾	=	15 <sup>1</sup> 2-17 ————————————————————————————————————	16월	- - - 17% 16½ 16% 16¼ 16% 14% 14%	16 1738 1634 1514

incel authority and finance houses seven days' notice, others seven days' fixed. \*Long-term local authority mortgags accompany three years 137-147, per cent four years 133-147, per cent; five years 133-147, per cent. #85nk bill releases are beging rates for prime paper. Suying rates for four-month bank bille 157-157, per cent four-month trade Disse 15 per sent.

Approximents selling reta for one-menth Treasury bills 150p-15.27-64ths per cent; two-menths 157-15.35-64ths per cent; two-menths 157-15.35-64ths per cent; two-menths 157-15 at two-menths 157-15 at two-menths 157-15 per cent; two-menths 157-157 per cent; two-menths 177-157 per cent; tw

## ... and as of today Munich, too,



### will have its own branch of Istituto Baneario San Paolo di Torino

It is now Munich's turn, after Frankfurt, to house the second branch of istituto Bancario San Paolo di Torlno ever established in West Germany. Thus San Paolo is present in the main German commercial and financial centres, and represents a fundamental link for those who do business with Germany, affording a direct operative relationship and a complete and sophisticated banking service, both in Italy and abroad. With overall deposits exceeding 14,900 billion Lire and capital funds totalling 813 billion Lire, Istituto Bancario San Paolo di Torino is one of the foremost European banks in terms of size, technical specialisation and modern organizational structure.

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#### Medium Term Loan

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Caja de Ahorros de Zaragoza, Aragon y Rioja (Cazar) Banco de Bilbao, S.A. Bank für Handel und Industrie Aktiengesellschaft National Bank of North America Bank of New South Wales The Bank of New York The Bank of Nova Scotia Channel Islands Limited Caja de Ahorros de Alicante y Murcia

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> Agent Bank Banco Español de Crédito (Banesto)

leccent Rate vernight Rete RANCE

APAN .

NEW YORK ' A Torne Rate

NEW YORK    Stack   June   June   30   97   Stock	June June 30 27 Stock 30 27  es: 4:e 612 Mess Petroloum 3614 3854 712 712 712	2tock 30 27  Schlitz Brew J 776 Bt4 Schlumberger 11512 11758	Wall	St. s	starts	on	mixed	note
ACF Industries 523 3514 Combined Int. 1918 1936 Gt.Hthn.NeXco AMF	82 321, 321, Metromedia: 1034 71 71 71 71 71 71 71 71 71 71 71 71 71	SCM 2612 2558 Scott Paper 112 1778 Scudder Due V 1112 1178 Sea Conirs 24 2512 Seabrd Coast L 3714 38 Seagram 6312 5414 Bealed Power 2016 8114 2eerle IG 0 2114 6218	AFTER MONDAY'S decline, sheres on Wall were mixed in moderate yesterday morning.	steep yesterday Street S11 to S trading Superior Oil S1 to	7. Active Mobil gained 721, Exron \$1 to \$671, Oil \$11 to \$162, Guif 5401 and Hallfhurton	nnderpinned a yesterday as positions at the financial year.	firm trend much a traders took hack sl start of the new up at citing	is DM in Journe 12018; ightly to close DM 4.10 DM 84.10, with sources confidence in the new ment as the prime reason.
Aome Gleve	or. 251, 25   Monsanto   52   53   53   54   54   54   54   54   54	Sears Roebuck	The Dow Jones Ind Average, 1.19 firmer st had slipped hack by 1 pm, ing 866.72, off 1.20 on Mc close. Trading volume 24.18m, compared with	11 am, Warne, reach, s181. It is onday's Administ e was a new a	r-Lambert added St to received Food and Drug ration approval to sell unti-arthritis drug. sed rose St to \$24;	Dullingari No. 1 Australia's Coop A\$1.20, while	per Basin, rose Other partner Santos came to A\$14.50. Daimler ich reported on and io	share's firmness. noteworthy movements in Automobiles, where showed a DM 6 gain Stores where one buying ed to a DM 3.30 rise in
Alberto-Guiv	3258 325, Habisco	3ignal	by 1 pm on Monday. D just had the edge on sol The NYSE All Common was up 0.03 2t \$65.37.  Other sub-group indic	vances of L-101 index Portugue Light Centronic	alks to sell \$300m worth it jets to TAP, the se Airline, are stalled. Electricals were firm. or Data rose \$11 to orona \$2 to \$49. National	well was flowing of 32.4m cu ft. to A\$2.20. Strata associations and associations are associations associations are associations associations.	firmed 10 cents in En most of ate Northwest ments for the sents to A\$2.65. DM 6.0	gineerings AHD made in its DM 7 dividend pay- rom yesterday and closer 0 higher 2t DM 218.50 mann continued his
Aleca		Sony	flected the mixed tone. Tra was up 0.22 10 273.72 et while Utilities were off ( 112.96. The Standard and Composite todex was up 114.35.	1 pm. Compute 0.37 st Chessic 1 Poors \$331 aft 0.11 st higher	fuctor \$14 to \$24% and rvision \$14 to \$553. e System edded \$1 to service reporting slightly second quarter net. and Western gaioed \$14.	while in the St Markets in Can Kong were clo	ada and Hong sed yesterday. 0.50 ag BASF	firmness putting on Dech subsidiary Demag in h subsidiary Demag in 0 while Linde shed Did ainst the trend led Chemicals up Def
Am. Brands	1436 1516 Hew England EL. 25 25 25 1616 1612 1614 New England EL. 25 25 25 1616 1616 1616 1616 1616 1616	Ethn Pacific   3216   63     Sth Railwey   634     Southland   2012   216n     2W Bancshares   285     2perry Corp   473a   4794     8pring Mills   1412   145a     5quere D   231a   2314     Squibb   321a   63     321a   334a     Squibb   321a   63	Analysis said traders trying to decide whethe th awaited market correction begun. However, the moderate p	were to \$331 in the long to \$601. On had THE All Value Inches of 2t 293.77	And Missouri Pacific \$2 AERICAN S.E. Market dex at 1 pm was op 0.16 Volume was 2.73m	Esperance gains A\$4.10 and Gree to A\$3.50. WMC, among stocks with a tur shares, closed 1	nvale 70 cents 1.50 ma On the the most active public nover of 629,012 mostly	d Dresdoer put on Discricts in higher Banks 70 to domestic bond market southority loans were eteady and the Bundes ought DM 23m net of
Am, Home Prod 2812 2815 Gurtiss-Wright 2134 22 Am, Hosp. Supply: 3434 3515 Demon 674 514 Am, Hotors 514 514 Dart Inds 4225 437 Am, Hat Resces 42 4812 Data Gen 6534 6578 Am, Hat Resces 42 4812 Data Gen 6534 6578 Am, Pat Person 41 4112 Data Gen 4434 4434 Hunt tPhilip Al-	n. 281; 281 27:8 Hielson (AC: A	2t'd Brds Paint 24% 24%, St'd Oil G'lifornia 76% 725% Std Oil Indiana 67% 59% Std Oil Ohlo 42% 51 Stanley Wiss 17% 17%	treding indicated there we rush to sell. Monday's to was the alowest in seven Analysis said institutional folio adjustments dried unthe eod of the quarter.	weeks. d port- p with Share	prices closed 2harply profit-taking and liqui-	A\$5.50. Among Miners, CM Gold A\$11.80, Peke-Wato to A\$8.30, North cents to A\$3.55 as	rother leading paper of rose 40 cents to sesterd alisend 30 cents Broken Hill 5	ofter sales of DM 2.m.
Am. Standerd	26.6 26.3 Northgate Exp. 912 10 1412 15 25 25.9 Horthrop. 42 4158 3514 6612 Nwest Arrild es. 2478 2476 1514 1612 Nwest Bancorp. 2412 2476 1514 28 Nwest Inds. 2972 2234 5 5 Nwest Mutul. 212 936	Stauffer Ghem	Precious Metal and C shares provided most of terest. Volume leader . It lost \$2 to \$46\frac{1}{2}. Late on M Esmark indicated that the	dation we hecause the index section with the	of recsot high levels, said.  kkef Dow Jones Average to close at 6,824.35 on at 450m shares.	5 cents to A\$15. Breweries were Building Materia Gold shares for	rials, BHP rose modera 15. Banks and Street's e mixed and All se be sharply after mixed,	te trading reflecting Wall downward trend. ctors were weaker except and Stores which were and Rubbers which were
Amstead Inda 3518   3518	er. 2312 2414 Horton 3478 3612 21148 8114 Oceldental Pet 2859 27 Oceldental Pet 3815 3518 Oceldental Pet 2859 3518 3014 3014 Oceldental Pet 24 24 24 24 25 25 26 26 Ohie Edison 1438 1438 1438 27 Ohie Edison 1438 1438 1438 2458 25 26 Ohie Edison 1438 1438 1438 2458 25 25 26 Ohie Edison 24 24 24 24 24 24 24 24 24 24 24 24 24	Super Val. Strs.   2412   2414   Syntex   5814   3834   389   TRW   3834   39   Taft   3014   305e   Tampax   3072   3114   Tandy   4112   4212	of a proposed tender off its common would be les Wall Street had expected. Pullman rose \$2\tau to \$30 2fter 2 later start. Analys the action suggested Wall	is than Tokyo SE down 2.8 Recentled and Populate said with So	Index closed at 469.95,	an easier opening old price in trading. Some issues claighe and a few Gains stretched t	osed below the cuts in counters eased. division R175 cents in FFT 224	ot which vesterilared plans for production its automobiles Peugeot, shed FFr 4.9 m
Armstrong CK 16   1612   Cover Corp   3812	2035 2014   2035 2014   2036 2014   2036 2014   201	Teledyne	is looking for a better offethe \$28 J. Rzy McDermo hid for 2m Pullman a McDermott slipped \$2 to \$2 active trading. Also zetive, Caesars	er than Yi.680, N and Canc Big-cep sharply Nippon S	Issan Motor Y12 to Y678 on Y14 to Y632. Issues also fell on liquidations, with teel falling Y3 to Y131,	the case of Vi Winkels at R78 respectively and weights rose mor Kloof fell 50 can Marievale 5 cent	al Reefs and Schine 75 and R38.75 return 1 most Heavy gained te than R1, while Amon te to R35.50 and America	ider, which announced a to group profit in 1879. FFT 1.5 to FFT 158. Ff - foreign stocks ans Dutch Oils and weakened whiles
Avery Inti		Texas Instruts   92   22½   22½   72½   47½   47½   18½	eased \$\;\ to \$17 hut Holida garoed \$\;\ to \$21. Baily Mz turiog \$\;\ to \$27\;\ and P \$\;\ to \$16\;\ On the Am Exchange, Golden Nngget	iy Inns znnfac- ishikawaj Mitsuhi added hut Spec	Metal Industries Y3 Hitachi Y4 to Y266 and Ilma Harima Y8 to Y148. shi Electric fell Y4 to lowing interlm results, ulztives and some low-	Financials firm gained 25 cents Industriale rose.  Germany	to R11.10, and mixed.  Swit	s and Gold Mines wife zerland prices closed easier on
Banger Punta. 22 22 Bank America. 2618 2618 Bank of NY. 3412 3412 Bank or Sist. N.Y 4958 4918 Bank or Sist. N.Y 4958 4918 Bank of Lomb. 43 4358 Bausch & Lomb. 43 4558 Batt Tray Lab 4412 4658 Batt Tray Lab 4412 4658	211- 215- Pan Am Air 41g 41g 781- 781- 793- Pan Hand. Pipo. 35- 35- 35- 35- 171- 171- 171- 171- 171- 171- 171- 17	Tiger Inli	S! to \$29\} hut Resorts national "A" eased S! to Oils recovered from we  Closing prices for N America were oot evali	o \$36t. The seekness lower wi	sues closed higher, econd market closed th volume 5.5m shares.	stimulated the yesterday after i weaker start, and hank lodex rose	foreign orders profit-ta share market decline ts nervous and Swiss i the Commerz- Nestle, 0.40 to 724.20. leading	king following Monday on Wall Street dr. Brown Boved and Sulzer fell in mixed Industrials. Shares by
Seekman Instr   25   25%   Emery Air Fgt   1354   1354   2919   2919   2919   Emhart   2919   2919   Emplehard MC.   351a   365a   Englehard MC.   351a   365a   365a   Englehard MC.   351a   365a   365a   Englehard MC.   351a   365a		Total Pet	canada	BELGIUM (contin	rice + or July 1	Price + or	July 1 Price + or	APAN (continued)  Price + or  July 1 - Yen
Seth Cleek   221, 221, 221, 221, 221, 221, 221, 22	74712   7612   7612   7613   7613   7614   7614   7614   7615	Tri Continental, 2038   2058   2	Stock   \$0   27	Royalc Seige 5 Soc Gen Banq 2 Soc Oeh Reigo 3 Solvay 2	.472 - e8   AKZO	66 -0.5 Aero 61.5z -0.8 Ailst 23 -0.1 Amp 282 -S Asso 81.8 -0.9 Audi 64.8 -0.8 Aust	w Allst 0.82 +0.92 K ate Expl. 1.80 tol Pet. 1.54 +0.02 L c. Pulp Pep. 2.3e mco. 0.53 -0.01 M Cons Ind. 2.02	1
Section   Sect		Unic Resources 141s   151s   Unitever NV	88ii Canada 2058   204 Baw Vailoy 12   1212 8P Canada 4414   44	UCS	350 ; -10 Buehrmenn-Tet Calond Hidgs Elsevier Euro Com Tst	83.2 -0.3 Aust 63.7 -0.3 Aust 22.7 -0.5 Sahl 214m -5 Siye 134.6 Sond 87.50 Sond	Net Inds 2.60 -0.06 M Paper 1.90 - M K NSW 2.87 -0.05 M Metal 1.65 +0.02 M 1 Hidgs 1.90	arul
Srown   281   281   281   281   81   82   81   82   81   82   82	25 25 4 Pub. S. Indiana 2312 6354 2778 2814 32 Pullman 2814 2778 2814 2414 Purolator 23 2314 2816 6758 Quaker Oute 3218 3214 4816 4816 4816 4816 4816 4816 4816 48	Uniroyal 42½ 43 Uniroyal 55g 354 Utd Grands 131g 1312 Utd Enorgy Ras. 374 3812 UE Fidelity G 4272 4314 US Filter 1516 1679 UE Gypsum 35 3444 UE Heme 1289 2018	8rasoan A	Andelsbanken 10 Balties 2kand 30 Burm & Waln 30 Gop Handelsbak 10	1.5 +2.75 KLM	56.5 d +0.1 Bran 16.6 -0.1 Brln 16.9 -0.1 Brun 63.2 -0.1 Brun 58 -1 GSR	March   Marc	H1 178 576 145 1581 CO 576 147 1581 1581 178 1581 178
Surfington Ind.   194   19   1st Nat. Boston.   301   31   Lockheed   Lockh	- 4512 2434 Raiston Purina 1114 1145	U5 Inds	Can Trustco	D Sukkorfab	0.76 13.78 +0.25 10 +5.75 00 +5.75 00 GEM	56.4 Cluft 232 Cock 109.8 -0.4 Cole 10.1 -0.3 Com 21.3 -0.7 Cond	COII (Aust.) 0.33 +0.81 Ni 0 Opts 0.21 +0.88 Ni 0 0.1 Ni	ppon Meat 448 56 ppon Oll 1,880 50 ppon Shinpan 669 51 57 ppon Stisan 908 43 43 43 43 66 40 58 58 58 58 58 58 58 58 58 58 58 58 58
Campbell Red L. 5034 4918 Feremost Mck. 2638 2638 2638 2638 2638 2638 2638 2638	- e514 6534 Reichhold Ghem. 1113 1134 Reliance Group. 82 6239 1234 Republic Steel	Utd Telecomms 171, 1718 Upjohn	Can, P. Ent	Nord Kabel	11.76 + 6.26   Phillips	17.3 -0.2 Cost 40 -0.7 Crus 170.8 -1.7 Duni 103.5 -1 Eldo 112.5 -2 Gon	alor Oil. 3.16 +0.93 Ni ador Oil. 5.80 +0.05 No 00 D.80 Ni r emith GM . 3.30 Oil avour Res. 0.53 +0.01 Or Prop Trust 1.48 Pic	sshin Flour 355 6 sshin Steel 141 3 mura 415 4 rK 282 2 ympus 860 18 lent 100 3
Carter Hawley 17% 1712 GK Technologies 2612 2614 Mapro Mapro Calerpillor 52% 5312 Gamble Skogmo 39% 4014 Merathon Oil 612 46 Marine Mids 612 46 Marine Mids 612 45 Marine Mids 612 46 Marine Mids 612 45 Marine Mids 612 45 Marine Marine Mids 612 45 Marine Marine Marine Marine Mids 612 45 Marine Mari	20 20 Revco 10St. 2714 2712 3313 Revcre Copply 1214 1234 4436 4636 Revlon 4436 4636 4636 1614 1514 Revlon 1612 1614 1514 Revlon 1612 1614 1514 Revlon 1612 1614 1515 Revloids IRJ1 3816 3916 23 23 Revloids IRJ1 3816 3118 3118 3118 3118 3118 3118 311	Vuican Matria 3534 3578 Walker HmiG. H. 9338 2316 Wallace Murray 2338 2219 Wallace Murray 2338 2219 Warnaco	Costain	FRANCE July 1 P	Stavenburg's Tokyo Pac Hg Uhllover Viking Res VMF-Stork VNU Volker-Stevin Volker-Stevin	207w Hart 159 —1 11e.5 —0.5 97 —5 34.5 —0.2 80.1 —0.1 Jene 45	ogon Energy 5.10 +0.29 Ricer	hown 580 10 - 10 - 50h - 10 - 50h - 50h - 50h - 7 - 558 - 7 - 556 - 4 - 556 - 4 - 556 - 4 - 556 - 4 - 556 - 4 - 556 - 4 - 556
Central Soye	1572   161s   Rite Aid	Wales Fargo	Dom Sridge   174   1734   1734   00m Foundries A   3534   3554   1768   1769	Emprunt 4/2 1873 2 Emprunt 7½ 1876. 6 GNE 33	.250	Price + or Mona	ard Oil	niloy
Ghase Mennhath   45	274, 94% 17% 17% Royal Crown	Weslinghouse 2251 233	Gulfstream Res 626 E.B7 Hawk 6id. Can 1918 t9 Hollinger Ags. A.: 4312 t 4212 Hudson Bay Mng. 28 2514 Hudson's Bay 5518 95 do. 011 & Gas 53 3214	8IG	08	e.75. Nat E 50,500 +1,500 17,010 -60 North 580 +10 Oakb 18,220 +445 Otter	Sank	150
Gincinnet! Mil	26 26 28 Ryder System 1816 18 18 12 24 24 24 24 25 6FN Companies 24 23 3 6 8 25 25 25 25 25 25 25 25 25 25 25 25 25	White Consoltd. 2312 2512   White Moter. 379 4   Whittaker. 2212 2224   Wickes. 1534 1412   Williams Co. 3056 15153   Winn Dixie Str. 2876   \$831   Winn ebago 2 2 2   Wac Elee Power 2512 26	Nusky Oil	Ge Sancaire 3 Cie Gen Eaux 4 Cofimeg 1	75 -10 Flat	1.740 + 22 Pan F 65.85 + 1.35 Piene 65.090 + 570 Quos 92,720 + 615 Santo 328 + 2 Sieigi	Pacifie 0.54 -0.68 To recrease 0.54 -0.68 To recrease 0.85 -0.08 To recrease 0.85 To recrease	193   -2   2   2   2   2   2   2   2   2
Color   101   103   Gillette   241   241   Mellon Hetl.   Color   101   103   Globel Marine   305   305   305   Globel Marine   105   Globel Marine   10	28ia 28ii 5t. Paul Ges 36ii 36is 545; 345i 143a 15i: Santa Fe Inds 56ii 28i 28ig 70ia 70ia 71i: Saul Invest 8 8 8 36ii 36ii 36ii 36ii 36ii 36ii 36i	Wrigley	Meriand Explor 878 9 Mitel Corp 2459 2519	DNEL	53.6 ————————————————————————————————————	2.150 +78 Thos 783 +25 Tooth 745 +0.5 Utah 481 +21 Valia 14.900 +380 Wato 10.500 +435 Weste Wood	1.76 -0.08 Yar Mining 5.36 -0.14 Yar nt Conadt 1.90 +0.10 Yol ns 0.66 -0.60 SII side Petrol. 6,82 +0.08 SII side Petrol. 6,82 +0.08	maha Motor 886 225 mazeld 544 —1 suda Fire 276 —2 to_rawa Bdgs. 635 —6
Indices NEW YORK -DOW JONES			Moore Corp 361: 663, Meumain State 181: 181: 181: 181: 181: 181: 181: 1	Legrand 1 Machines Bull 9 Matra 9 Michelin 8 8 Most-Nennessy 6 Moulinax 9	94 -16 57.0 -0.e 57.0 -0.e 510 -30 94 +7 56 -8 133.8 ±-0.7 148 -1	Price + er Kroner - Ju	IG KONG Bot colors of the color	July 1 Price + or 6 8 8 8 8 1 - 8 1 - 8 1 - 8 1 - 1
June June June June June June June High Low  8 Industrie 887.92 861.83 883.45 887.54 877.50.873.81 903.84 759.15 1051.70 41.22 111.73 127.521	July June June June 26 27 26 AUSTRALIA Sydney All Ord. (1555 55) 511,24 005,97 698,04 838,1 Metaus & Min/s (1935 58) 5862,28 5740,56 5880,81 5604,8	High Low	Omni 1.85 1.85 Pacific Cooper 3.45   6.50 Pan Can Petrol 75   75 Palino 3114 3114 Plecer Gev 1511 314 Power Gorp 151 15-7 Quebec etrgn 6.87   5.75	Perned Ricard 6: Perner 9: Peugoot-Cit 2:	56.5; -0.5   Credit bank	72 Cheur 115.6 Cosm 820.5 Crose 460 Eastn 588.5 : -6.0 Hang 117  -1 HK E	ng Kone 16,10 + 0.40   Mol Berrop 1,50 + 0.30   Mal Asie Nav 5.65 + 0.15   OCI Bong Bank   166 + 5   Pan Bothje 66 6 0 Sim	vPar
H'me 8'nds 74.97 ' 75.55 75.54 75.99 76.15 76.61   65.87 (25.51   28.51)  Transport . 275.50 975.96 276.12 275.39 271.62 269.75 505.80 252.69 305.80 12.25 (8.21   27.51   18.7.201 (8.7.12)  Utilities 115.55   14.60 144.64 t14.62 144.26 113.99 115.37 56.94   65.32 10.53 (18.51   27.51   20.4.985 (28.442)	AUSTRIA Credit Aktien 2 1/65 67.57 67.67 67.44 67.6 BELGIUM Belgian SE 51 12 65: 95.88 95.68 96.00 95.8 DENMARX	35 105.75 111:21 , 90.14 (81/8)	Royal Trusico A. 14-1   1434 Sceptre Ros 13-1   1434 Saogram 61-1   8212	! KOUSSOI-UCIOT 29	88.0 - 1.1 96   -8 106   -5 106   -27 10.8 -6.8	Price   + or   New V	nd	UTH AFRICA  July 1 Price + or Rand -
000's 30, 130 53,11 46, 115 46,500 37 750 54, 180  • Day's high 880.89 low 864.35  Ind. div. yield 3 June 27 June 20 June 13 Year age repprox 5.99 6.07 6.02 5.72	Copenhegen 5E:1,1:73: 80.89 80.21 79.01 79.6  FRANCE CAG General 23:12:61) 107.90 109.4 110.4 110.5 Ind Tendance 25:12:79: 107.60 108.70 109.1 108.0  GERMANY	5 117,60 122:81	Eneil can Oil	AEO-Telef 8	AGA	66	'k Mard A 4.83 0.85 Ang 'k Mariti'o 6.65 +0.88 Ang Bari Buri CNA	750m 5.45 +0.16 8.00 8.00 10.50
STANOARD AND POORE  June June June June June June June June	FAZ-Aktien 51-12-58 230,71 220,59 229,25 230,4 Commerzbank Dec. 1955 724,20 725,0 720,1 724,5 NOLLANO ANP-CBS General 1970: 82,0 55,7 85,0 84, ANP-CBS Indust. 1970: 61,5 62,1 92,8 65,1 HONG KONG	I 87.0 (11:2) 74.6 (27:5)	Ord 31scoe Mines: 161g 1634 1879 1884 1887 1887 1887 1887 1887 1887 1887	BAYER	7.6: +0.7 5   -1.e   Fagersts	85	Tricd	rie Finance
10 2   127 7   111075 (50 6-32)   10 2   11 2   11 2   11 2   127 7   111075 (50 6-32)   11 2   11	Hens Seng Bank 51 7.64. et 1086,84 (041,45 1026,5 ITALY Banca Comm. Ital 1872 105.69 101.91 104.21 104.6 JAPAN JOW Average 15 5 42. 6324,55 6879,78 6825,95 6800.5	55 107.74 ·20.5, 85.11 ·2/11 55 6904.81 ·25·41 5475.96 (27/5)	AUSTRIA	Contr Gummi	7 SKF	105 _2 Dalel 0KBO 0kBO 0al Nic 0al	352	5.45 + 0.05 5.45 + 0.06 5.45 + 0.06 5.45 + 0.06 5.45 + 0.06 6.65 + 0.06 6.65 + 0.06 6.65 + 0.06 6.65 + 0.06 6.65 + 0.06
Long Gov. Band Yielo 8.77 9.55 9.75 8.75  N.Y.S.E. ALL COMMON Type 30 June 30 June 27 June 26  June June June June June June June June	Tokyo New Sž. 4.1.86; 460,95 472,77 470,44 470,1  NGRWAY Oslo BE +1-1.72; 126,89 127,83 128,16, 127,1  SINGAPORE GIRBITS Times +1966- 544,26 545,03 644,58 558,2	4 144.70 :14·21 110.12 (28:5)	Greditanstolt 336 Landerbank 630 Perimooser 286 + 3 Semperit 110 + 8	Hapas Lloyd 64 Hoschet	0 - 2 7.6 + 1.0 SWITZERLAND 8 + 0.8 9 + 0.1 July 1	Full Bases	10k 420 +2 Smit 1m 500 +2 Screen 1m 500 -9 Tipo 1m 2,510 -100 Unis 1m 2,510 -20 Fin	rews
65.34 86.54 66.44 66.72 67.77 55.30 Fells 1,176 782 826 Unchenged 537 442 378 Wew Highs 25 27 60 New Lows 2 2 2 2 MONTREAL June June June June 1880 Low	Industrial 1959; u. 542,3 558,9 657,4  SPAIN Machid 6E -03 12 76 101,32 -c: 101,22 101,2	700,7 (27-6) 649,5 (10-6) 542,5 (30-2) 456,0 (29/1)	Veitscher Mae 319	Kall und Salz t6 Karstadt 23 Kaufhof 18	1.2 +1.2 Brown Boverl Ciba-Geigy	1,895 —10 Hitachi 1,145 —5 Nitachi 866 —15 Nonda 2,195 —5 House 8,675 —5 Itoh (G 5,250 —15m Ito-Han 8,625 —85 Ito Yok	266   4   4   6   6   6   6   6   6   6	July 1 Price + or Cruz —
Industrial 376.11 \$50.34 \$78.45 \$77.52 423.80 (28.7) \$23.21 (17.5 Combined 548.60 351.88 350.78 549.50 378.50 29.2) \$250.90 (27.1) \$250.00 Composite 2081.55 2069.48 2057.2. 2053.8 2192.6 (23.2) 1702.5 (27.5) \$250.00 COMB	SWEDEN       Jacobson & P. (1 1.59)     (u)     571.02 588.49 365.9       SWITZERLAND     (u)     571.02 588.49 365.9       Swiss Bank Co. 31 12 55 583.7 505.9 385.0 594.8       WORLD       Capital Intl. 1 179     142.7 243.6 145.5	517,8 ·11.2 - 284,8 ·22/4	RRSED 1,780   15 Beng Ind a Lux 6 000   10 Beksert 5 2,000   10 Simeni GBR 940 + 2 Zockeriji 940 + 2 EBE5 1,915   1915	Mannesmann	2.5 + 5.5 Landle & Gyr	1,396 -5 Juseo 5,515 -16 Kajo So 2,630 -20 Kashiyi 271 -2 Kikkon	480 Bane Bale Bale Bale Bale Bale Bale Bale Bal	o Srasil 4.42 0.01 .Min 4.50 +0.65 .Amer 2.38 +0.65 .bras PP 4.18 0.12 1.40 0 1.40 0 1.40 0 1.40 0
Changs   Change   C	8ase values of oil Indices are 100 ercopt NV and Poors—10; and Toronto—1,000; the last name bands. \$400 industries plus 20 Transports. c Closed. u Unavailable.	75E All Common—50: Standard od based on 1975. † Excluding H	Electrope	Rhoin West Elect.   186   Schering	5	468 +1 Kokuyo 758 -9 Kemetr 672 -1 Kemetr 6,175 -75 Kenishi 1,765 -5 MO	437 -5 1,020 -30 Toro 372 -30 Sor Fift. 694 -1 Sor roku 496 -2 Sor 1ES: Prices on this page	Rio Doca

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#### Recovery in cocoa and coffee

By Our Commodities Staff RECENT DECLINES London's coffee and cocoa futures markets were reversed restorday as technical support buoyed up prices. The September coffee price ended the day £17.5 higher at £1,490 a tonne wifile September cocoa gained £16 to £1,052.5 a tonne, Coffee dealers said their

market appeared to have become oversold in Monday's self-off which wiped £86.5 off the September price. This had been encouraged by warmer weather over the weekend in Brazil which had tended to relieve fears that a damaging frost was imminent.

The rise in cocoa, which saded a run of four consecutive daily falls which had trimmed £88 off the price, was also linked to an oversold situation, dealers

In addition they pointed to signs of a slight recovery in consumption and continued tightness of supplies available for early delivery as possible influences on the market. An early rise was quickly reversed, but the failure of prices to move below Monday's

four-year lows encouraged a

stronger tone in the afternoon.

#### Malaysia boosts spice growing

LABUAN, MALAYSIA-Malay-Siz's eastern state of Sabah is to begin large scale cultivation of spices, the general manager of the Rural Development Corporation, Ali Es said.

.The corporation has been allocated 82m ringgit for its agricultural programme and is concentrating on pepper, ginger, cardamon, capsicum and casbaw nut, Mr Ali said.

crease this to 20,000 acres by

Meanwhile in Sarawak total farmland. exports of pper in 1979 rose to 36,118 tonnes from 30,780 tonnes in 1978, the Pepper Martin Minbaria and will involve the Focal p

keting Board said. The total figure was above Government of more than 8,000 sugar beet crop serving a the former record of 36,409 Eavytian families.

The total figure was above Government of more than 8,000 sugar beet crop serving a modern sugar factory.

Other agro-industrial ventures was due to favourable for the establishment of tures planned include the cropweather that accounted for a estate farms and processing fac ping of onions and tamatoes second flowering and the gen-erally lower incidence of interests; with the rest divided The smallholdings will produce disease, it added. vegetables and fruit. disease, it added.

well below the dey's highest levels. Reports that U.S. capper workers had struck as w lorward result mays up from 2910 to £918 before easing back to £910 on the pre-market, as U.S. buying was met by profit-toking. On the morning kerb the price rass stresh

le tauch £921 in enticipation of strong spening on Comex. This proved correct and three mentics edged up to £921 but leiled to hold this lavel as tenewed profit-tabling pered the price to £903 by the close of the late kerb. In late inter-office deslings tarward metal tell further to trade stound the £900 level. Tumover: 23,600 tonnes.

COPPER Official — unofficial —

£ .£ . £

895-7 +57.2 868-9 917-5-8+23 212-5 897 +57.5

Amaigemeted Metal Trading reported that in the morning cash wirebers

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**BRITISH COMMODITY MARKETS** 

TIN

Our clients speculate, free of tax, in very small to very large

amounts, on:-

## Copper up as U.S. strike starts

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices jumped on the London Metal Exchange yesterday following confirmation that U.S. workers had gone on strike when their labour contracts expired at midnight on June 30.

However, after an initial upsurge, the market came back sharply in late trading shedding some of the early gains. Cash wirebars closed £18.5 np at £888 a tonne, but moved lower in late kerb dealings after having touched £897 at the end of the morn-

The three months quotation

closed £13.75 higher at £912.5 a tonne, but fell to £900 in later dealings. The possibility of a strike has already been discounted to a large extent, and the main concern now is how

long it will last. It is felt that there are adequate supplies to last for two or three months without the stoppage having much impact on industry, especially tn view of the low level of demand added to the normal seasonal quiet period during the summer months. Nevertheless, the U.S. is

the biggest world producer of copper. Mine production is around L3m tonnes put of a total world ontput of 8.1m tonnes-the Soviet Union is the second biggest producer. The U.S. is an even more important producer of refined copper with an ontput of over 1.8m tonnes annually against world total of 9.2m.

COMMODITIES AND AGRICULTURE

It is difficult to judge at this stage how long the sirike is likely to last. Cass Alvin, speaking for the nnlon, commented: "I'm looking down the tunnel and I can't see any light."

## Mining deal signed to boost

BY ROY HODSON

made to hasten the exploitation Cuymine's export potential and now working at its full producof Guyana's bauxite resources, the Enterprise Guymine has signed a contract in Georgetown new strip mining programme.

The deal calls for the removal of 10m cubic yards of overburden to reach ore deposits within a period of 20 months.

The deal calls for the removal of 10m cubic yards of overburden to reach ore deposits within a period of 20 months.

The time gap between the shortage. Half the line was restarted the remaining half was restarted between stripping and mining. Recently the gap has parrowed to nil at the close one of the power than the power than the property of the property

Guymine bay been suffering from bottlenecks in bauxite production in recent years ville Power Authority in North the product because the stripping pro- West U.S. of some interruptible The Fros gramme has not been able to power for aluminium smelting keep up with demand for the has enabled Alcoa to restart Production dropped to 30-35 capacity at Wenatchee, Wash- markets.

economic recovery programme a year. bad been severely affected. One

Guyana bauxite production

signed a contract in Georgetown The fresh attack upon the the smelter was shut last with Green Construction for a overburden is designed to widen December hecause of the power the gap bas narrowed to nil at is to close one of its eight times in Guyana.

The restoration by the Bonne-West U.S. of some interruptible 21,000 tonnes of annual smelter for

AN £11M INVESTMENT is to be per cent of mining capacity. ington State. The smaller is Guyanz government's tion capacity of 210,000 ionnes

One of the five pot-lines at

refractory linings plants because of a decline in the market for The Frosthurg, Maryland power for aluminium smelting plant is to close in August and

be converted to a shipping point Kaiser's eastern

### UK companies in desert project

There are now about 400 A GROUP of UK companies. The UK companies are British acres under pepper in Sabah has launched a joint project Sugar Corporation, Booker Meand the corporation plans to in- with the Egyptian government Connell, Tate and Lyle, Agriwith the Egyptian government to transform a large stretch of arid desert into productive

resettlement by the Egyptian Government of more than 8,000

1291, 18, 17.3, 17. Attention: Winshers; cash £886, three months £918, 17, 18, 14.5, 14, 15, 14.5, 14, 13, Cathodas, cash £862, three months £887; Kerb: Wirsberg, three months £908, 7, 6, 7, 8, 9, 10, 09.

1908, 7, 6, 7, 8, 9, 10, 129.

TIM—Easier following hedge selling and liquidation of cash metal which eliminated the backwardetton and established a £40 contange, The heavy selling of cash metal represented nervous liquidation concoming the first safe of stockpile tin from the GSA. Three months metal spend the maming at £7,310 and traded quiety until the afterness when it drapped to close the late kerb at £7,285 an hedge selling. Tempore: 855 tonnes.

High Grade £ £ 7240-60 — 3 months 7320-30 — 3 7290-305 — 7290-305

Business, Guinness Peat (Overseas) and Tarmac Overseas. Morgan Grenfell have been appointed financial advisers to Focal point of the whole

project will be a 30,000 acre

months 27,270, 65, 70.

LEAD—Lower on belence. Forward metal rose shorply during the morning and tauched £358, reflecting the strength of capper which prompted fresh buying and stop-less buying. However, the elternoon downturn in copper coupled with U.S. hedge selling

Merning: Cash £342, 41, three months £322, 50, 48, 48, 47, 48. Karb: Three menths £347, 49, 47. Aftempon: Three months £347, 49, 50, 48, 48, 47, 47, 54, 47, 48, 44, 43, 42. Karb: Three manths £342, 43, 45, 44, 43, 42, 43, 45, 46, 45.

ZINC—Geined ground in the wake of the other metals. Three months metal moved up gradually to tauch £320 to the afternoon rings belore sealing on

nover: 8,900 tonnes.

a.m. +er: p.m. +or

E e £ £ £ £ £ 505-6 +18.5 305-5 +5.5 7 +8.25 506 +10 -25.5 .....

n'm a.m. Hor p.m. Hor Official — Unofficial —

a.m. Hor p.m. Hor Official — Unofficial —

783.50p+14.8 711p +B 753.50p+14.8 740.5p +B 776.50p+14.7 — 823.90p+21.2 —

Following a feasibility study results.

last year, financed under Britalo's aid programme )o Egypt, the group of British ment with the Egyptian Minlstry of Development. Housing and Land Reclamation to work together on s full financial appraisal and a detailed technological and commercial implesugar beet crop serving a mentation plan. This will be modern sugar factory.

mentation plan. This will be completed in September. Sugar beet growing trials undertaken by Beet Sugar Developments, a subsidiary of the British Sugar Corporation,

bave been going on in the area since 1977 with encouraging

Failing to open at the anticipated frowar levels lutured in lact tellied and

loower levels littured in lect relied and closed of the highs of the day. Physical cocoe failed to oppeal IP consumers or producero both apparently taking a broother alter their recent efforts, reports Gill and Huffus.

.. 1200-1215 +19.0

Sales: 3,477 (5,179) lots of 10 tonnes.

Buring another hectic day Robusta prices continued to fluctuate in erratic conditions with the early milly short-lived. However lears of Jurher cold weather approaching 2razil appeared to

weather approaching stazil appeared to prempt renewed steediness in the efternoon and the lete rise was also sided by producer buying and commic-sion house short covering, recorts Oraxel Bumhem Lembert.

yestorday's'

£ per tonne

1166-1167 +20.5 1166-1121-1129 +18.0 1180

Yesterd'ys + er Business Close Dono

No. 1 Yest'rdays Previous Susiness R.S.S. Cleoo Close Gens

1421 - 22 + 18,0 | 400-01 | 1499 - 21 + 17,5 | 1495-55 | 1518-20 + 16,5 | 1030-00 | ary | 1526-26 + 18,0 | 1549-15 | 1605-10 + 14,5 | 1529-00 | 1610-40 + 22,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 | 1510-50 + 12,5 5elss: 7,923 (11,332) lots of 5 

GRAINS

LONDON GRAIN FUTURES-The markat opened 9p higher, same initial hodge selling saeed values alighey but goad chipper buying an wheat ogein boited any lumber decline and values cipeed standy on the day. Seriey elsp saw good buying ouppart and registered gains at 10p-25p on the

Intro buying triggered stop-loss buying saw good buying and lifted three menths to £2,880 pn the pra-market. This level brought out day, reports Actinification in the state of the price to £2,880 in the market moved shead street to close market moved shead street to close the total to \$2.00 in the market moved shead street to close the total \$2.00 in the market moved shead street to close to the control of \$2.00 in the market moved shead street to close to the control of \$2.00 in the market moved shead street to close to the control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street to close to control of \$2.00 in the market moved shead street moved shea BARLEY Yasterday + or Yesterday + or Sept. 95.85 Nov. 99.70 IMPORTED-Wheat: U.S.

IMPORTED—Wheat: U.S. Dark Narthern Spring Na 2 14 per cent July 97.25, Aug. B7.50. Sept. 99.25 transhipment sast creet. U.S. Herd Winter 13<sup>1</sup>z per cent July 93.40 transhipment cast cocet. English Feed lab Sept. unquoted, Oec. 103 east coast. Maize: French July 121 transhipment sast coast. B. African yellew July/Aug. 80.00.
Bariest: English Feed fith Sast up. Barley: English Feed fob Sent. un.

quated Oct./Osc. 39.50 cent conet. Heat unquated,
HGCA—Locational ax-form spo pricas, Feed barley: S. East 50.30 B. West 92.00, W. Midlende 90,00 Other milling wheat: S. East 110.00.

LIVERPODL—Na spat ar shipment seles were recarded leaving the total for the wask so lar of 100 tonnes. Extreme coulan was shown by ppersuits to the selection of the selection o tora who were unwilling to enticipate their needs. Domend was at a low level and remained chiefly in American type

RUBBER

He said no further talks

were planned, but the two

sides remained in contact.

Significantly, perhaps, Mr. Alvin commented that the

industry was riddled with

strikes that normally lasted

between four to six weeks

every three years when labour

contracts are renegoliated

Many London traders believe

that the stoppage will last for

The unions, representing some 40,000 workers, are

understood to be seeking

37 to 43 per cent won re-

steel workers. But the copper

companies claim they are different industries, and

cost of living allowance pay-

pntting np their domestic selling prices by 3 cents to 97 cents a lb.

CASH TIN fell by £80 to

£7,245 a tonne on the London

Metal Exchange as a result of

nervous selling prior to the

start of the new U.S. stock

plle tin selling programme

yesterday.
The market is anxiously

awaiting the result of the first

ofter of 500 tons of stockpile

tin, to be sold under a new

method of sealed bids. The

offerings are scheduled to be

held on a fortnight basis with the objective of selling

30,000 tons of surplus stockpile tin over the next three

years at the rate of 10,000

first offer will give an idea of the strength of demand, and

the kind of price level at which the Geoeral Services

Administration is prepared to

The flow of stockpile tin

supplies on to the U.S. mar-

ket is expected to belp relieve the sboriages that have been such a regular infinence on

tin prices during the past few

years. Yesterday's fall brought

the cash tin back down below

the three months quotation, which was unchanged in quiet

It is felt the result of the

tons a year,

Stockpile

hit tin

only about six weeks.

Sales: 124 (176) et 15 tannes, 65 at 5 tonneo.

Physical clooing pricos (buyer) ware:

Spai 59.50p (same); Aug. 62.50p
(game); Sept. 63.25a (soma).

SOYABEAN MEAL The London market opened with goine of £1.00 correcting an overeold situation, resorts T. G. Roddick, Prices held steady on commission house buying and

Solos: 69 (84) lots at 100 tannes.

SUGAR

LONDON BAILY PRICE (raw sugar): 5323.00 (5320.00) a tenno cil for July-Aug. shipment. White ougar daily price was £344.00 (some). price was £344.00 (some).
Sentiment was encouraged by the liquidation of July in New York where although some 100.000 tons was delivered it was all taken up by one house and osening trades were come £2 above kerb levels. However, heavier offerings letter could not be obsorbed arices let back some £5, lurther losses accurred later and the morket closed around the lows of the day, reports £. Czernikpw. reports C. Czernikow. No. 4 Yest'rdays Previous Business Con- Close Close Done

£ per tonne ..|559.00-41.05;558.09-48.00;560,90-58.00 Au8 ... 568,07-4,05,348,09-48,07,560,01-58,00
Oat ... 363,50.84,01,51,00.82,50,374,00.81,50
Oat ... 375,50-77,00.572,58-74,00.385,00.80,00
Mch ... 384,76-85,00.56,00-42,00.385,00.85,50
May ... 378,75-79,00.575,50-78,00

Sales: 4,892 lots al 50 tonnos. NUMBER 2 CONTRACT—Close (in prider buyer, seller only). Aug. 357.45, 358.00; Oct. 373.00, 374.00. Seles: granulated basis white sugar was E342.60 (£334.7) a tonno for home trade and £441.00 (£345.50) for export.
International Sugar Agreement (U.5. cants per pound lab and stowed Caribbeen port). Price for June 30. Daily price 31.81 (30.39); 15-day periors 31.21 (31.01).

everage 31.21 (31.01).

MEAT/VEGETABLES **WOOL FUTURES** SMITHFIELD-cance per pound, 2eef: 40.0 to 42.0. Veal: Dutch hinds and

SYDNEY GREASY WOOL—Class (in ardor buyer, seller, business, selles). Australian cants per peund. July 453.0, 486.0, 467.0-462.0, 76; Oct. 451.5, 452.9, 4580.0, 467.0-462.0, 76; Oct. 451.9, 457.0-450.0, 50; March 256.5, 457.0, 451.0-454.0, 35; May 457.0, 459.0, 461.9-456.0, 15; Oct. 457.9, 459.9, 460.0-460.0, 15; Oct. 457.9, 459.9, 460.0-460.0, 5; Dec. 460.0, 462.0-460.9, 8. 5eles: 303. LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, 40.0 to 42.0. Veal: Dutch finds and ende 979 is 100.0. Lamb: English smoll 66.0 to 72.0, medium: 65.0 ts 70.0, hasvy 60.0 to 69.0; imported frozen NZ pl 61.0 to 62.0, pm 57.0 is 58.0. Pork: English, under 100 lb 40.0 ts 49.0. LONDON NEW ZEALAND CROSS-BREDS—Close (m order buyer, seller, businase, salos). New Zealand cente per kils. Aug. 380, 367, nil, nil; Det. 363, 369, nil, nil; Oec. 384, 370, nil, nil; Jen. 385, 370, nil, nil; March 369, 371, 367, 5; May 369, 374, 370, 5; Aug. 370, 376, 373, 2; Dct. 374, 376, 376, 6; Doc. 374, 377, 375, 4. Solos: 22. MEAT COMMISSIDN-Avarage 1etetock prices et regresentative morkols an July 1. GB cartle 79.84p per kg lw (-1.33). UK sheep 149.66p per kg est dcw (-0.89). GB prige 65.42p per late (-1.40.56) ast dcw (-0.59). Us prigs to 1.22 per kg lw (+0.58). COVENT GARDEN—Prices in storling per pockage except whote atterwise oteted: Imported Produce: Oranges— Jaffe: Valencia Lates 2.80-4.00;

LME—Tumover 229 (153) lots of The London physical market opened Second clears. Os 31/35.5 kilos 34.3p on the continued quiet per-kilo. (34.1p per kilo): 26/3/.5 kilos

SPAIN'S EEC ENTRY

## Allaying Market fears of farm dumping

as French farmers destroyed farm produce entering their country from Spain were merely the tip of an iceberg. The same, if soherer, sentiments remain. Anxiety over the prospect of

similar pay rises of between Spain's entry into the EEC, cently by U.S. aluminlum and originally projected for the late 1970s but now expected in three or more years' time, has been claiming attention in quarters more responsible than those negotiations broke down over whose answer to competition is Meanwhile U.S. copper com-panies were quick to react in The Brusscls-based organisa-

Agra-Europe recently warned that when Spain joins the EEC toe Community will be flooded with products whose cheapness and volume could barm agricultural ecocomies which embraces European farming organisations, has been conducting a study of the implications of Spanish accession to the Market, concentrating on pre-sent farm output in Spain and that planned for the future. especially in the light of extensions to the country's irrigation

system. In 1975, the latest year for which Spanish statistics are available, farm exports rose by 20 per cent and formed a fifth 11 per cent to 18 per cent on canned fruits. of the country's sales abroad. May 15 with an effect on trade Spanish nego almost half of them to the EEC. Spanish agricultural exports comprise chiefly wine, fruit, vegetables and — Italy's particular thorn - olive oil. Such

than the percentage suggests, least efficient end, thus negating Spanish exports being only some of the advanlages that lightly established there. The Spaniards argue that

while 20 per cent of European from their accession, for 40 per to Spain - especially of dairy products, sugar, pigmeat and grains.

that COPA's anxieties are not easily quantified, yet arc real enough to have prompted recom- competitiveness. meedations to the EEC Commisover a transitional period of 15

regulations from the ourset and have dispensed fully with state joyed in winter. subsidies before accession.

Spanish any other member to dip into

TEMPERS THAT flared recently the latter's vulnerability is less expected to receive a lift at its make her entry look fearsome.

Part of the fear, in any case, assumptions as that of a peasant farm production stands to suffer economy that no longer exists, cent of it the lowering of as high as anywhere in Europe tariffs would permit more sales As the shortage of agricultural maopower worsens. Spanish farming will equip itself with machinery which, mostly made Inflation and other factors or designed abroad, will impart that hinder forecasting mean to its production the kind of costs prevailing in the rest of Europe and further blunt its

Climate and geography give sion — foremost among which is Spato obstacles where summer that Spain's entry be spaced trade is concerned, with diswithin the EEC. For 18 months years with five-yearly reviews. costs that have risen tenfold a working party of COPA. It is further being demanded, within a decade. Temperatures possibly with some awareness of and highway congestion also Britain's success in moulding raise the price of sending pro-the Community to its will, that duce to northern markets by a Spain stick strictly to EEC margin that goes far towards defraying the advantages en-

Far from being guilty about Tomatoes are one of Spain's under-cutting when Community most sensitive exports, and memhership arrives. Spain will Spain will welcome the day he more concerned about overwhen they cease to attract in pricing, which has a)ready ex-Britain, their largest outlet, a cluded from UK markets some duty that jumps each year from products, including certain

Spanish negotiators know that after that date that is, as one agriculture is the EEC's chief panish merchant put it, headche. They also know that pretty inhibiting." the abandonment of steep tariff when Spain is as entitled as protection for manufacturing is the price of freedom for their ltems account for some 20 per regional funds for both econocent of France's farm output and social purposes, For such freedom, they argue,
34 per cent of Italy's, though Spanish agriculture can be the price is ample.

#### Stand on extra Community milk tax

ing the EEC prouction tax from their mllk cheques so that they can withhold payment in protest at the quadrupling of the tax.

At this year's Common Market farm price fixing it was agreed to raise the tax from

In lannes unless otherwise stated.

Gold trey ez... \$660.5 +2 \$555 Lead Cash..... £335.5 -2 £324.5 3 mn1hs..... £342 -5.5 £887

Copra Philip.,...|\$435 - 5 |\$420 Soyabean(U.2.)|\$876,90x |+4.10;\$261

Grains Barloy Futures £95,96 +0.10£95.65

Cocca ehip't....£1,108 +16 £1,155 Future 2ept.£1,052.5 +16 £1,881.5 ColteeF t'Bopt.£1,490 +17.5 £1,784.5 Cotton A, indox 94.15c +0,85 96.30c Rubbor (hilol....68.60p 57p Sugar (Rewl....£223 +5 £310 Woolt'pe 84s kl, 299p kilo .....295p hile

u July-Aug. s Juno-July. w Aug. s July, s Indicoter, § Buyer. ‡ Per

38p, (42p); 22/25.5 kilos 43p, (43p). Light cows 39.3p (some).

GRIMSBY FIBH — Bupply good, demand moderato. Prices at ship'o sids (unprocessed) per stane: Sheff cad £4.00-£4.80, cadlings £2.40-£3.20. Large haddack £3.60-£4.50, medium £3.30-£4.20, amail £2.00-£3.00. Large plaice £4.50-£4.70, medium £3.70-£5.00, best email £3.40-£4.00. Skinnad dagfish (medium) £4.00. Lemon sales (larga) £9.50, madium £8.00. Rocklish £2.40. Rede £2.50. Saithe £2.80-£3.20.

JUTE—July c and f Dundae: BWC (210, BWD £180, BTB £252, BTC £218, BTD £189, Antwerp July 8 WC \$490, BWD \$415, BTB \$610, BTC \$515, BTD

\$443. Jule goods c and 1 Oundes July 40 in 10 oz £12.36, 40 in 7.5 oz £9.60, B Twille £30.40.

Jaffe: Valencia Lates 2.80-4.00; Moroccen: 54/1138 3.00-4.00; Cyprus: Valencia Lates 3.60-4.50; Arizone: Valencio Lateo 72/1138 5.00-5.80; Out-

..... \$615

onut IPhili. \$640

French No3AM : ...

Other

s July. s Ind 278-ib ilask.

Groundhut ...... Linesed Crudo, £400z Paim Malayan, \$540w

Free Mkt

3 mihs.

DAIRY FARMERS in the south- duction. This rise in the so- brankes of the National west of Britaio want the Milk called "co-responsibility levy" Farmers' Union representing

Marketing Board to stop deduct- will cost the south-western south-western farmers plan to farmers' an extra £6m a year, ask the Milk Board to invoice they claim. And they see this their members separately when extra burden as unfair because the higher levy comes into force, Britain does not produce more This would not involve breaking milk than it consumes while any rules or laws, they caim, some small farmers in EEC but it would give individual countries which do contribute producers the opportunity to to the surplus are exempted decide not to pay the extra. A 0.5 per cent to 2 per cent in from the levy altegether. test case might then be taken a bid to discourage excess pro- Leaders of the six county up with the NFU's support.

AMERICAN MARKETS NEW YORK, July 1. ##Maize—July 2881-2884 (2841-).
PRECIOUS METALS railled on European Sept. 2954-2944 (2904), Oec. 502-303, March 3154-315 May 323, July 328. buying and strong Indications that President Carter will try is reliate the aconomy. A majer relially in copper following a masoive union walkout ran into profit taking with coaper classing sharaly fawar. Profit taking in supercontributed to moderate losses on the close. Coffee was mixed as moderate trade buying interest was revived. Lack of celling turned escap arices around an a strong close. Cottle markers advanced on moderate buying while the cork comolax finished mixed Greins and soyabeans tollied on shart cavering and now commercial interest. Catain finished higher as on rolliel was lorecest for the tragical temperatures. lorecest for the tropical temperatures end drought in Texas, reported Hernold. Potatoes (round whites)—Nov. 79.1-79.2 (77.8), March 101.0 (58.3), April 123.0-123.2. Seles: 1,784.

Sugar—No. 11: Sept. 34 20-34.30 (34.93), Det. 35.45-35.50 (36.20), Jen. 35.80-36.80, Nerch 37.80-37.70, May 38.85-36.90, July 35.75-35.85, Sept. 34.90-34.95, Oct. 34.50, Seles: 9,845, Tin—772.00-790.00 eskad (774.00-785.001

CHICAGO. July 1
Lard—Chicago loosa 12.00 (18.25).
New York pame steom unavariable.
Live Cattle—Ava. 58 50 69 69 69 Live Cattle—Aug. 69.60-69.40 (68.70). Oct. 67.85-67.75 (66.92), Occ. 68.55-68.40, Jan. 69.22, Feb. 69.60-60 65, April 70.35-70.25,

April 70.35-70.69, Live Hogs—July 41.20-41.30 (41.221, Aug. 40.00-40.15 (40.25), Oct. 39.70-39.50, Osc. 43.00-42.85, Feb. 45.60, April 44.82, June 48.90, July 47.75,

Soyabean Oil—July 24.00-23.92 123.931, Aug. 24.10-24.15 (24.17), Sept. 24.30-24.35, Oct. 24.55-24.50, Occ. 24.83-24.80, Jen. 24.95, March 25.25, May 25.50, July 25.75-25.70, Aug. 25.75-25.80, 100-459-4257, (4204.), Sept. 2504 (4204.), Gen. 4591-457, March 1Wheet—July 4261; 4257; (4204), 5ept 2391; 4381; (4331), 0ec. 4591; 457, March 4717; 471, May 477, July 478. WINNIPEG, July 1 48arlev—July 126.10 (135.60), 0ct. 130, 10-130.30 (129.60), 0ec. 128.50, M=rch 128.30, May 128.50.

May 205.5-206 5, July 209.5-210.0, Aug.

Merch 129.30, May 128.50.
All cents per gound converehouse unless otherwise stated. \*\$ ser troy ounces. \*Cents gar troy ounces. †Cents per 56-ib bushel, †Cents ger 60-ib bushel, \*IS ser short ron. \*\*\text{Total Contents} \text{ (Cents per 56-ib bushel, }Cents ger 60-ib bushel, \*IS ser short ron. \*\text{Total Contents} \text{ (Cents gor dozen).} \text{ (Cents gor dozen).}

#### EUROPEAN MARKETS

ROTTEROAM, July 1
Whest—U.S. No. 2 Oark Hard Wintar
13.5 per cent July \$197. U.S. No. 2
Red Winter July \$197. U.S. No. 2
Red Winter July \$186, Aug. \$187, Sept.
\$189. U.S. Np. 2 Northom Spring
14 per cent July \$205, Aug. \$207, Sept.
\$208.50, Oct. \$211, Nov. \$215, Oec.
\$220. Rest unsuoted.
Malze—Spot \$145, June \$138.75, July
\$140, Aug. 8141, Sept. \$142.50, Oct.
Dec. \$147, Jan. March \$154.50, April
Jung \$160.

Sovabears—U.S. Two Yellow Guit-

July \$265, Aug. \$268.50, Sopt. \$276.50.

20yemeol—44 ser cent grotein U.5.
allost \$216, June \$222, July \$223.50,
Aug. \$227.50, Sept. \$232, Oct. \$238,
Nov.-Merch \$247.50 sellors. \$razil
Pellars afloar \$219. Sopt. \$237 traded,
July \$229, Aug. \$234, Sept. \$237, Oct.
\$243, Nov.-Merch \$259 sellers.

Malze—Spot \$145, June \$138.75, July \$140, Aug. 8141, Sept. \$142.50, Oct. 920-1,015, Dec. \$147, Jan. Merch \$154.50, April-Juno \$160.

Soyabeans—U.S. Two Yellow Gull-ports affoot \$265, July \$270.75, Aug. \$275.50, Sept. \$279.50, Oct. \$284.25, Nov. \$284.25, Occ. \$275.50, Sept. \$279.50, April \$308.50, \$300.75, Merch \$303.50, April \$308.50, April \$308.50, April \$308.50, April \$308.50, Gell \$11.

INDICES DOW JONES ... Oow June June Mpnth Year lenss 30 27 ago ago FINANCIAL TIMES 2pot ... 427.20, 426,47414,22419,75 Ftur's 441.58, 449,59,442,34452,15 257.45 266.31 265.30 293.85 (Average 1924-25-26=100) MOODY'S

Italien: 100/150s 4.00-5.00; Sponlo: Trays 25/45s 2.00-2.40, boxes 4.50-5.60; 5. African: 6,00-7.00. Grapefruit---Outspon: 4.00-4.95; Taxes: Pink fleth 7.50-8.00. Apples—New Zoaland: Sturmer Pippine 9.50-9.50, Gronny Smith 9.60: Tesmonian: Sturmer Pippins 9.40-9.50, Crairon 11.50, King Cale 11.00-11.50; 5. Atricen: Galden Deliciaue 9.50-10.00, Granny 5 mith 9.50-9.60; Dutch: 22-lb Galden Oeliciaus 138/198a 8.20-7.50, 20-lb 3.60; Italion: Jpanihans/Romae 40-lb 6.60; Italion: Jpanihans/Romae 40-lb 6.60; 1.00. Pears—S. Alrican: Apprax. 35-lb Outspon: 4.00-4.95; Taxes: Pink flech 7.00 Pears—S. Alrican: Apprax. 35-lb 7.00. Pears—S. Air.can: Apprax. 35-lb
Jasephnas 11.00: Victorion: Josephnas
11.50: 12.00, Pockham's 12.00. Peaches
—Spanish: Yolfow Beoh 2.00-3.50;
Italian: 1's-troys 2.80-5.09. Plums—
Spanish: Rod 2.00-3.50, Yallow 1.201.60, Geviota 3.50-4.50, Burbanka 3.504.50. Apricots—Spanish: 3.00-3.50.
Chemies—Par paund, French: 0.30;
Itelian: 0.35-0.45. Grapes—Per paund
Californion: Perlette 0.90, Cardinal
0.80; Israeli: appros. 9-lb 8.00; Cypruor
Cardinal per pound 0.80. Melons— Cardinal per pound 0.80. Melons— Israeli: Golla 4.00; Spanish: Morins 6/6e 2.00-2.40, Ogen 3.00-3.50, Gelia 3.00-3.30, Yallaw 5.50-6.90, Water-

June 30| Jun 67|M'nth age Year ego

1179.9 t168.5 1124.5 1025.2

(December 31, 1931-100)

4.00. Avocados—S. Alrican: 3.20-3.50. Bananas—Jamoran: 28-lb, per pound 0.18. Tematees—Dutch 2.20-2.50; Guernsey: 2.03-2.40; Jersoy: 2.00: French: 1.80. Onians—Spanish: 5.60-6.50; Egyptian: B.50; French: 5.00; Portuguese: 6.00: Potblees—Cyprus: New crop 20-kg 4.20: Jersey. 3.85. Carrots—French: 22-lb 2.20, 25-lb 3.00; Italian: 2.40; Cyprus: 1.80. Boetroots—Cyprus: New crap. 20070x. 28-lb 1.80. Cysrus: 1.80. Boetroots— Cysrus: New crap, coprox. 28-ib 1.80. Cabbages—Dutch: White 1.80-2.50. Caurgattes—French: Per pound 0.25-

July 1 June 30 M'nth ago; Year age

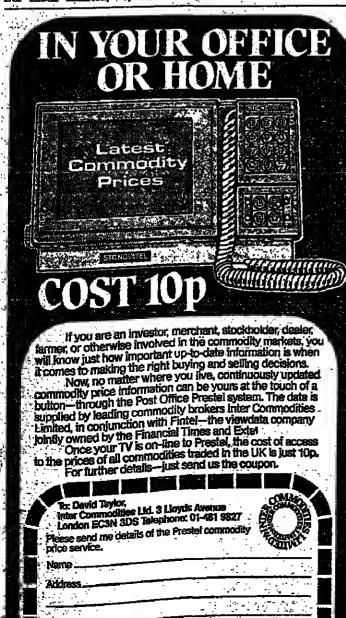
1696,1 1675,2 167B.5 1601,1

(Beso: September 18, 1931-100)

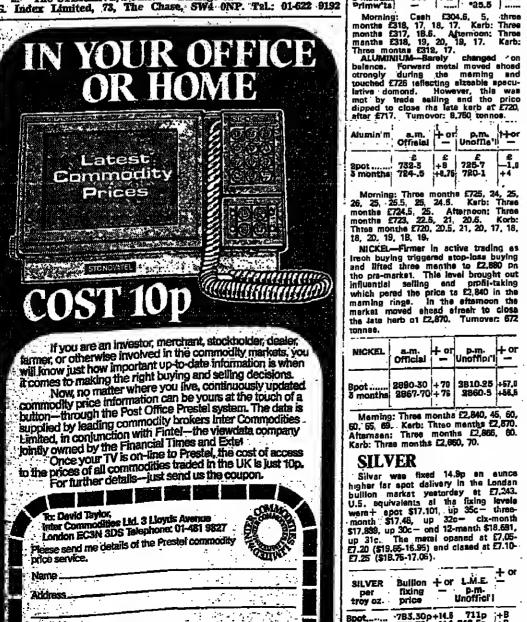
Malang-laraeli: 5.00; Spanish: 3.50;

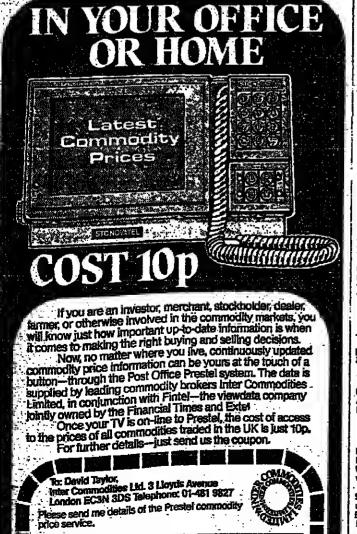
4.00. Avecados-S. Alrican: 3.20-3.50.

9.30. Capsicums—Dutch: 5.20,
English Praduce: Potatoes—Per bag,
new 3.00. Mushreams—Per pound 9 50.
0.70. Applos—Per pound 8 ramley 0 13.
0.19. Strawberries—English asr 3-lb
0.10-0.25. Cebbeges—Per bag 0.801.00. Cauliflowers—Per 12s English
3.50-4.50. Peos—Per pound 0.15-0.18.
Broad Beans—Per pound 0.15-0.18.
Cucumbers—Trays 10/20s 1.50-1.50.
Tomatoes—Per 12-lb 2.00-2.20. Lettuca
—Per pound reund 1.00-1.20. Cog 1.00.
Webbs 1.20. Carrots—New crop 23-lb
2.50-3.50. Rhubarb—Per pound audoor 0.05. Onlons—Per bag 6.00-8.30.
Calery—English 12/30s 2.00-3.00.
Gooseberries—Per pound 0.10-0.12.
Chorries—Per pound 0.30-0.35.









## Australian exploration issues dominate markets still reflecting concern with deepening UK recession

Account Dealing Dates Options

\*First Declara- Last Account Dealings tions Dealings Day June 16 June 26 June 27 July 7 June 30 July 10 July 11 July 21 July 14 July 24 July 25 Aug. 4 \*"New time" dealings may take place from 9 am two business days earlier.

The mounting number of redundancies and short-time workings within many sectors of UK manufacturing industry continued to east a shadow over Londoo stock markets yesterday. Institutional invealors were content to remain oo the side-lines and the bulk of a largely speculative interest was again directed towards Australian exploration stocks with the emphasis on Strata Oli and other energy-related issues.

Domestic Oils opened sharply lower oo the downgrading ln estimates of North Sea oil pro-Although buyers later for specific stocks. especially for LASMO, the sector displayed widespread losses. Building and Construc-tion stocks along with selected leading Engineerings and Elec-

> **EQUITY GROUPS** & SUB-SECTIONS

Figures in parentheses show number of stocks per section

CAPITAL GOODS(172)

(DURABLE) (49)\_.

Breweries (14) ..

Stores (42)...

Tobaccos (3)

Shipping (10) ... Miscellaneous (

59 | 500 SHARE INDEX

Hire Purchase (5)...

Insurance (Life) (10)

Merchant Banks (13)...

Investment Trusts (109) Mining Finance (4)...... Overseas Traders (19)...

Insurance (Composite) (9) Insurance Brokers (9)......

Banks(6).

All stocks.

15 20-yr. Red.

Comi, and

51 Oils (8)...

24 25

Contracting, Construction(27)

Engineering Contractors (11)...

echanical Engineering (74).

Metals and Metal Forming(16).

Lt. Electronics, Radio, TV(14)

Entertainment, Catering (17)... Food Manufacturers(21).....

(NON DURABLES) (172)

Wines and Spirits (5)

OTHER GROUPS (99)

Chemicals (16) \_\_\_\_\_\_Pharmaceutical Products (7) \_

INDUSTRIAL GROUP (492).

FINANCIAL GROUP (118).

Conrtaulds stood out firmly among constituents of the FT 30-share index following sizeable investment support intermingled with speculative business and option market activities; considerable speculation arose in-cluding whispers of bld possi-bilities. The index touched its fall of 4.0 hefore rallying to close a net 3.4 off at 461.4.

Gilt-edged securities were not immune from the surrounding gloom and opened easier. The lower prices, however, attracted smali investment demand after the recent bout of stock indigestion, and the losses which extended to 1 among longer-dated stocks were retrieved. Later trade was slow but just before the official clase

American interest developed and the tone began to harden with the sborts leading the movement. Although demand for Traded options contracted, husiness atill reached into four figures with a total of 1.129 deals arranged,

Vol.

395°p

153p

675p

398p

261p

422p

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries

Tues., July 1, 1980

Est.

Field % (Max.)

19*2*7 25.59

12.61 22.26

19.25

22.53

14.99

11.49

25.99 23.41

15.96 18.40

17.56 19.67

21.71

28.14 14.05

24.43 27.84

44.73 17.29

11.88

42.22

14.55

14.81

3.40

11.74 13.33

-1.4 -0.8 -1.2

-22 -02

-11

+0.6

-12 -01

+0.3

-15 -11

-15

+0.9

\_\_\_\_\_ \_\_0.8

-1.2 -1.6

-0.9

+0.5 -0.2 -1.1 -0.7 -0.5 -0.6

+0.5

240.68

677.32 305.08

161.23

216.91

99.27 98.68

296.02

328.80 204.41

324.74 439.77

127.97 218.64

219.09

313.49

216.40

231.04

214.72

205.66 143.68

135.76

241.00 229.92 381.80

Gross Div. Yield % (ACT at 30%

6.47 6.90 6.66 3.58 8.49 7.95

10.53

5.92 4.25 10,65 10.06

6.47 6.31

6.79 7.32

4.88

10.57

14.02 7.13

7.69 6.38 7.70 6.45 6.99

7.04 6.75

4.66

7,49 7,30 5,25 2,88 6,43

5.76 4.29 7.10

Est. P/E Ratio (Net)

6.80 6.15 4.69

5.63 6.36 5.32

8.10

11.09

4.72

6.59 27.98
7.36 223.34
6.69 296.42
7.06 334.08
5.99 203.77
9.18 327.13
6.22 446.41
4.12 129.41
9.17 221.90
4.97 217.12
2.59 27.19
6.87 217.55
5.79 316.81
10.44 229.11
5.66 109.42
8.67 552.26
6.96 261.84

236.30 -0.9 17.76 6.86 6.80 238.49 238.22 239.66 238.85 238.07 800.54 -1.6 28.82 6.43 3.83 813.27 820.98 825.39 832.91 693.82 280.84 -1.1 20.13 6.76 5.83 283.84 284.16 285.85 285.66 274.63

8.92 213.62 - 206.03 - 145.30

- 127.74 41.75 484.68 7.85 136.43

234.42 265.28

315.91 127.74

2.90

9.27

10.27

9.21

242.68 369.85

692.68

305.64

163.10

219.18

323.52

91.71

244.85 371.16

688.56 306.38

163.68

219.03

323.12

98.56 99.74

227.53

284\_53 298.20

332.51 204.55

327.44 441.75

130.25 220.52 130.50 214.83

27.54 236.72

216.72 216.98 316.45 315.94 216.79 217.22 108.23 109.97 546.81 543.91

LONDON TRADED OPTIONS

tricals were also unusually dult, despite a volume of selling generally regarded as modest in the two last-named sections.

well above last week's daily results. Plessey gave up 3 at last, while Racal shed a couple of peoce to 261p, Among secontinued to attract an active trade of p taulds were dealt 188 times. The major clearing banks lost

ground, but selling was light. Falls of around 5 were marked against Barclays, 390p, Lloyds, 318p, and NatWest, 380p, while Midland shed 8 to 350p. Merchant Banks held steady, but aellers held sway in Discounts where Union cheapened 5 to 450p and Alexanders 4 to 240p. Provident Financial provided a in Hire Purchases, firm spot to 126p following adding favourable Press comment.

Leading Breweries drifted lower for waot of attention. Bass, 220p, and Whithread, 155p, both shed 4. while Arthur Guinness lost the transfer of the sheet the transfer of the sheet the state of the sheet the Guinness lost the turn to 91p. Among reginnal issues, Burtonwood firmed 2 to 250p following the annual figures but Marston Thompson and Evershed, at 65p. were unmoved by higher fullyear profits.

Buildiogs trended easier with

Blue Circle losing 6 to 344p and London Brick sbedding a penny to 74n. News of a U.S. acquisition left John Mowlem a penny cheaper at 97p, while small offer and fell 4 to 56p, while selling clipped 8 from Brown similar losses were marked and Jackson. 120p. SGB held at against Midland Industries, 87p, and RHP, 91p. Among smallerbalf-yearly profits. Construction met expected balf-yearly
Aberdeen Construction support and added 3 to a 1980 peak of 120p while, among Timbers, James Latham armed 5 to 115p in a thin market awaiting Friday's preliminary results. In Chemicals, British Benzol shed 2 for a two-day fall of 10 profits and the company's wareing of a substantial first-balf loss. Redundancy fears unsettled Laporte which shed 2 to 98n. while lack of support left ICI 6 ebeaper at 378p. Against the trend, Stewart Plastics 6rmed 5 to 85p on renewed interest.

#### Stores lower

Stores were depressed by several downgraded profit fore-casts prompted by falling retali-sales. Losses of 6 were common to Mothercarc. 238p, and GUS A, 424p. Borton eased 3 at 119p. while Woolworth shed 12 to 55p. Photographic were similarly affected and closed 5 cheaper at 95p and Comet Radle-vision declosed a couple of pence to 87p, while recent speculative favourite Ratners encountered proft-taking and gave up 3 at

Electricals under the lead of GEC which selling and feil 10 to 396p in front of tomorrow's prelimioary

Thurs June 26

242.07 372.20

163.86

221.80

327.46 98.73

106.89

229.41

287.76 295.62

334.76 205.90

329.79 439.43

222.98

129.51

716.98

260.77 | 261.41 | 260.62

235.26 233.89 235.97 243.70 245.68 244.05 212.61 214.94 215.59 203.65 204.97 205.79 142.10 142.04 144.69

315.26 313.40 311.10 128.06 128.20 129.29

401.61 406.13 405.83 135.56 135.64 135.70

242.61 242.47 241.75 239.60 228.77 227.03 226.21 224.35 384.76 385.61 387.93 387.87

692.73 | 675.27 306.06 | 305.89

245.85

164.14

219.15

321.43

98.60

101.43

229.74

294.82

205.52

433.77

224.89

220.76

216.89

317.09

216.93 109.84

541 52

380.29

165.73

230.88

315.73

158.97 117.82

236.61

275.64 305.87

321.43 208.66

431.05

129.99 240.75 162.57

241.64

455 03

127.51 261.63 99.83

354.10 121.31

203.74 120.50

dary counters, Fidelity Radio continued to weaken, falling 4 more to 28p, while similar losses were seen in Electrocomponents, 578p, Berec, 93p, 2nd Kode International, 221p. Last week's national fell 7 to 176p following announcement of further redundancies again overshadowed BSR, another penny off at 20p.

national, 221p. Last week's national fell 7 to 176p following announcement of further redundancies again overshadowed brokers down-grading of profits

The recent gloomy news of sentiment in the sector where selling made more impact. GKN. 227p, and Tubes, 250p, showed fresh falls of 5 and 6 respec-

Owing to production difficulties, prices in the Share Information Service on which this report is based were not npdated to take account of dealings after the official close of the Stock Exchange.

tively. Elsewhere, GEI International lost 5 to 700 and Ransomes Sims a similar amount to 140p. Acrow also came on offer and fell 4 to 56p, while and RHP, 91p. Among smaller-priced issues. Birmid Qualcast gave up 2 to 32p.

The company's decision to stop selling high cost large electrical appliances clipped 4 from Associated Dairles, 176p. Elsewhere in Foods, British Sugar attracted renewed support and put on 6 to 234p, while Avana responded to the hetter-thanexpected annual results with a gain of 4 to 138p. Associated Fishelres, interim figures due next Monday, added 2 to 69p, hnt George Bassett dropped 11 to 45p on the annual loss and final dividend omission. Nichols (Vimto) were again wanted and

rose 10 more to 450p. Leading Hotels and Caterers mirrored the general market treod, Grand Metropolitan and Trusthouse Forte easing 3 apiece to 153p and 184p respectively.
Miscellageous industrials were featured by a jump of 74p to 240p in Hay's Wharf following the announcement of a hid approach from the Kuwait Investment Office. Helped by recent Press mentioo, Wilkinson Malch railled 11 more to 129p, while Ropner responded to satisfactory preliminary results with a rise of 4 to 88p. In contrast, Johonson Matthey encountered fresh
profit-taking after the recent
flurry on hid hopes and reacted
fourther to 370p. Alpine Holdfollowing a £23.5m rights
call. Elsewhere in Overseas 6 further to 370p. Alpine Hold- call. Elsewhere

Kleen-E-Ze lost 6 to 70p despite the increased dividend and profits. Restmer were dull at 90)p, down 4), while falls of a similar amount were recorded in Cawoods, 214p, and Rank Organisation, 186p. Reed Inter-

estimates in the store sector unshort-time working and re-dundancies in the Engineering to 203p.

The recession in the EngineerThe recession in the Engineering industry continued to un-

settle selected Motor Components. Dowly were bardest hit, falling 7 more to 195p, while Lucas, 195p, and Jonas Woodbead, 30p, both gave up 2. Flight Refuelling again responded to speculative support and rose 8 further to 322p. Among Distributors, Glanfield Lawrence plummeted 8 to 35p following the interim deficit and gloomy outlook. Appleyard eased a penny to 43p on the announcement that the company to is cease trada in Glasgow following losses incurred by the Appleyard (Glasgow) subsidiary. Braid. which announced an interim loss and passed dividend last week, gave up 2 more to 21p while. awaiting further news on the merger situation with Vickers,

Rolls-Royce shed 11 to 70p.
Small selling and lack of support left its mark on Properties where Land Securities, at 325p. gave back 2 of the previous day's gain of 6, while MEPC eased 3 to 210p. Hammerson "A" shed 10 to 450p, while Haslemere Estates and Great Portland Estates lost a couple of peoce apiece to 336p and 248p respect-

#### Reaction in Oils

The downward revision in estimates of UK oil production from the North Sea unsettled the Oil sector, particularly some of the more speculative exploration issues. Attack fell 20 to 290p and Berkeley 12 to 244p, while Pict reacted 10 to 460p. Basic Resources weakened 65 to 585p and Aran gave up 16 to 474p. Against the treed, Lasmo recovered to finish 12 higher on the day at 800p, after 775p. Cale donian also stood out with a gain of 30 at 190p, while Santos im-proved 15 to 710p. Among the leaders. Shell eased 8 to 396p and BP closed a few pence rbeaper at 364p. Elsewhere, IC Gas responded to the good annual

iogs eocountered also selling and Traders, Australian Agricultural

Marks and Spencer, Royal Insurance, Woodside, North

Kalgurli, ICI, Thorn EMI, Piet

Petroleum, Hampton Industries,

Grand

Rustenburg

continued to attract support and 21 at 150p. In lack-Justre

Trusts, Atlantic Assets ahed 4 to 192p. Financials had a firm spot in Hampton Trust, up 6 to 40p on speculative interest. Courtaulds again attracted good Inquiry and added 3 more Other Textiles trade to 80p. Other Textiles traded quietly and closed around the overnight levels.

Tobaccos took on a firmer appearance with Bats gaining a couple of pence to 260p, while Imperial bardened a shade at

#### Australian gains

oil and gas and gold exploration on any gas one dissues continued unabated yester-day following a fresh surge in overnight domestic markets, overnight domestic markets, news of a further oil discovery in the Cooper Basin and the continuing strength of the bullion

The oil and gas issues were again featured by the Strata/ Haoma/North West Mining group which attracted another wave of heavy speculative in-terest on further consideration of sharply increased gas flows at Perth Basin. Strata jumped 14 more to a

peak 114p, North West Mining 27 to a record 147p and Haoma 23 to a high of 157p. A 750 harrels a day oil flow at the Dulliogari Murta No. 1 well in the Cooper Basin prompted beavy buying of Santos and Vamgas, which have in-terests of 50 per cent and 10 per cent respectively in the well; Santos put on 20 to 715p, and

Vamgas 65 to 365p. Greenvale Mining. recently announced an oil-shale iscovery in northern Queensland, raced ahead to close 35 higher at 155p. Cultus Pacific gained 5 to 40p following the proposed rights issue. Elsewhere in the speculatives, International Mining, currently

deposits in Queensland, rose 7

Golds were well supported. Gold Mines of Kalgoorlie put on 6 to a 1980 high of 458p, Poseidon gained 6 to 224p, and North Kalgurii 4 to 2 1980 high of 100p. In Diamonds, Ashton Mining were 6 firmer at 144p. Leading base metals lasues tended to edge higher. South African Golds were little

changed on halance after a quiet

69,78 69.09 69.12 70.82 70.84 70.84 70.70 70.78 Fixed Interest .... 468.7 466.7 465.9 464.8 463.5 461.4 349.7 346.2 343.6 354.7 655.6 7.65 7,80 Ord, Div. Yield ... 18.68 18.42 18.49 18.86 18,66 Earnings, Yid. %(fulf) 5.61 6.58 6.53 6.51 6.52 P/E Ratio (net) (\*)..... 116,86 154,77 184,34 115,67 101,26 88,46 17,985 19,101 18,526 15,536 15,334 12,518 Equity turnover 2m. Equity bargains total

FINANCIAL TIMES STOCK INDICES

10 am 462.4. 11 am 461.9. Noon 461.9. 7 pm 460.8. 2 pm 460.9. 3 pm 461.0. Latest Index 01-246 3026.

\*NH = 6.02. Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. 1/7/35. Gold Mines 12/9/55, SE Astivity July-Dec. 1942.

#### S.E. ACTIVITY HIGHS AND LOWS

	19	180	Since Co	mpliat'n		yuly	June 30
	High	Low	High	Low.	Dally	1.	
Govt Secs	70,56 (20/6)	63.85	127.4 (3/1/55)	49.18 (5/1/75)	Git Edged Industrials Speculative	105,2 63.4	127 57
Fixed Int	70,50	64,70 ()0/5)	150.4	50,53 (8/1/76)	Totals	76.8	[4.17]
ind. Ord	478.2	406.9 -(6/1)	558.6 (46/79)	49_4 (26/8/40)	5-day Avige.	114.6	120
Gold Mines	877.9 (29/2)	265.6 - (18/8)	448.3 (22/5/75)	48.5 (28/10/71)	industrials. Speculative.	121.5 61.7	

day's trading. The Gold Mines Selection Trust railied from index dipped 0.3 to 354.7. E101 to close unchanged at London-based Financials were balance while Charter recovered featured by the late strength of Charter and Selection Trust which moved ahead sharply following a flurry of American

from 195p to end a net 4 hig at 202p. The sharp rise in con which followed news of the labour strike, prompted a gain of 2 to 430p in RTZ.

#### NEW HIGHS AND LOWS FOR 1980

NEW HIGHS (54) Hutton (E. F.)

er (H. P.) BUILDINGS (1)

INCUSTRIALS (13)

Kwik-Fit Tyres

#### MONTHLY AVERAGES OF STOCK INDICES

	June	- May -	- April	March
nancial Times				<u>.</u>
exernment Sacurities	68.87 69.63 451.2 333.8 21,454	87,78 67,90 432,4 306,1 18,660	66,16 66,48 435,4 299,9 19,631	64.23 64.84 440.8 314.3 20,844
T Actuaries			٠	
O Shero	251,24 276,78 210,11 861,24 52,18	253.78 264.79 200,31 249,28 51.09	222,55 263,18 194,82 245,10 49,72	224.84 256.22 190.82 248.54 49.79
1	Hig	gh ·	Low	
Justrial Ordinary	473,1 271,14		418.7 242.89	(2nd) (2nd)

Hambros Challenge Wampton Tre
Hambros OFL & GAS (2)
Imp. Cont. GIS LASMO
OVERSEAS TRADERS (1)

NEW LOWS (43)

PAPER (1) TRUSTS (1) ROBBERS (7)

#### RISES AND FALLS TOTAL CONTROL OF A NO.

٠.	ICOLUMNAL
٠.,	Up Down 6
	British Funds 27 8 -
	Corona Dom and
	Economic Popular - 2 17
	Industrials 121 386
	Financial and Prop. 7 40- 367
_	Oils 9 23
	Plantations
÷	Mines disconnectioning 60 _ 67
	Others
-	Totale 265 721 1

TSB Unit Trust Managers (C.D. Link).

10. Wharf St., St. Meller, Jerry (C.D. 2224 73994.

188 Jersey Fand. 150.9.

758 Geerstey Fund. 150.9.

758 Geerstey Fund. 150.9.

758 Gill Fund Managers (C.L.) Link.

10 Wharf St., St. Heiler, Jersey (C.D. 0234 73994.

158 Gill Fund. 192.0.

158 Gill Fund. 19

#### UNIT TRUST SERVICE

Providence Capitol Life Ass. (C.L.) PO Box 121, St Peter Port, Guerisey 0481 26

#### OFFSHORE OVERSEAS—contd.

207.01 207.60 -0.51 LFIII +0.10 235

Lazard Brothers & Co. (Jersey) Ltd. P.O. Box 108, St. Heller, Jersey, C.I. 0534 37361 L.B. External Fund \_\_NSE009 10.7441 .\_\_\_. 0.10 Lloyds Bank International, Geneva P.O. Box 438, 1211 Geneva II (Switzerlan Lloyds Int. Growth ... (SF4495 480.01 + 1.0) Lloyds Int. Income ... (SF2820 292.5) -0.5

Midland Bank Tst. Corp. (Jersey) Ltd. 28-34, HM St., St. Heller, Jersey. 0534 36281 Midland Drayton Gik. 196.4 96.821 –3.4] 12.40 Samuel Montagu Lón. Agents 114.00 Broad St., EC2. Apolio Fd., have 24....|579.00 56.07 Jacrest, June 13......|458.33 14.7 Jacrest, June 13....|458.33 14.7 117 Josep O's June 18/66.02 434 Hearray, Johnstone (Inv. Adviser)
163, Hope St., Glaspow, C2. 041-221 5521
Hape St. Fd. Jane 15, USS37,70
Harray Fund June 301
Pacific Fund May 31. USS36,59
Pacific Fund May 31. USS36,59

Rothschild Asset Management (C.L.) P.O. Ber 56, St. Jolian Ct., Guerney. 0481 2

> 114 -85 114 -85 117 -21 enodity 159.5 160.2 \_\_\_\_ | \_\_\_ Schroder Life Group Enterprise House, Parismonth, International Funds 0765 27733

Septry Assurance International Ltd. O. Box 1776, Hamitog 5, Berman 20, Carmon St., ECA.

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ran Cutsem & Associates Ltd.

#### 99 ALL-SHARE INDEX(750) FIXED INTEREST YIELDS British Govt. Av. Gross Red. FIXED INTEREST PRICE INDICES June 30 11.94 nd adj. 1980 to date 11.94 11.94 25 years. 13.42 13.46 13.43 13.38 13.46 5 years. 105.43 +0.34 5,18 Coupons 13.43 12 10 637 5-15 years 110.38 -0.00 13.49 13.86 13.45 12.09 113.88 +0.06 7.39 Over 15 years 13,80

127.36 -0.24	1 - 1 /2	P 191 25	years	13.84   13.83	12.39
109_53   +6.07	<u>                                     </u>	7 10 Irredeemables	!	11.30   11.27	10.76
	Tues., July 1 Index Yield No. %	Mon. Friday Thur, Juno Juno Juno 30 27 26	Wed. Tues, Juno June 25 24	Mon. Frida Juno Jun 23 20	
. Deh & Loans (15)		53,00   83,00   53,01			
it Trust Prefs. (15)	49.34 15.69	49.34 49.46 49.46	49.05 46.42	48.42 42.4	a 49,31
ladi Prefs. (20)	64.36 13.93	64,38 64,38 64,38	64.70 64.58	64,41 68.7	8 69.26

#### **ACTIVE STOCKS**

		No.					
De	nomina-		Closing	Change	1980	1980	
Stock		narks	price (p)	on day	high	)ow	
LASMO	25p	9	800	+12	800	337	
Shell Transport		9	396	- 8	410	314	
Premier Cons	5p	8	103	•	103	39£	
BP	25p	8	364	- 2	412	320	
Charterhall	5p	7	73x1	+ 1	81 <u>*</u>	52	
De Beers Dfd	R0.05	7	402	<b>–</b> 3	553	368	
GEC	25p	7	396	<b>—10</b>	410	326	
Hay's Wharf	£1	7	240	+74	240	117	
CĬ	£1	7	376	- 6	402	348	
& O Defd	£1	6	. 114	<b>– 2</b>	125	105	
Tricentroi	25p	6	392	- 6	414	250	
Boots	25p	5	203	- 5	218	158	
European Ferries	25p	5	1711	— Ē	172	98	
TZ	25p	5	430	+ 2	485	327	
Rolls-Royce	250	5	70	- 1}	72	47	_

#### **OPTIONS** Candecca, Elsburg, Beecham

First Last Deal- Deal- Declara- Settleing ing tion ment Jun. 9 Jun. 20 Sept. 11 Sept. 22 Jun. 23 Jul. 4 Sept. 25 Oct. 6 Jul. 7 Jul. 18 Oct. 9 Oct. 20 For rate indications see end of Shore Information Service

Law Land and BP. Puts were transacted in Recal, GUS. Hampton Indostries, Metropolitan, Charterhall and Call options were dealt in Dunlop, while doubles were British Land, BSR, Charterhall, stranged Platinum, GEC, Lonrho and Premier Oil, Comfort Hotels,

Lonrho Grand Metropolitan.

#### RECENT ISSUES **EQUITIES**

Issue Prico p:	Amount Paid Up	Ronuno. Dato	18 High	Low	Stock	Clouing Priod pt	+ <u>o</u> r	Amount	Covered	Gross	P.E.
\$5 :83 100	' F.P	. 20:6 . 27:6 . 27:6	1 9	j 3	Home Farm Prode 10p it Jankin & Purser Oakwood Group Petriess	84	-14 -1 -1	b2.9 b6.5 b6.3	2.6 e.4 s.8	4.8 11.6 9.9	_
				_					÷.		_

#### FIXED INTEREST STOCKS £ : # 2 : 0 .

	" RIG	HTS"	OFFER	5		
100   F.P. — F. Will — 50   F.P. 22.8 100   F.P. — 7   F.P. 4.9 6   F.P. 4.9 6   F.P. 4.9	101 98 1001 100 10212 10174 6714 6312 10854 10174	Chailenge Co Cowio (T.: 10) Daisi 2:::: % Co Folkstone & 0 London & Mid North Surrey	of Commerce. I rp. 15pc Pref. L-3 Conv. Rsd. C riv. Bds. due 19 intrict Water 10 landinds 21s pc Water 10po Pre Vater 945 Rd. Pf	NZ 52,20 cum. Pref 95 poPref '63 Deb. '29-94 f. 1588	96 100 102 674 1024	
Price Amour Paid U	High Low		Stock		Price	<u>+</u>

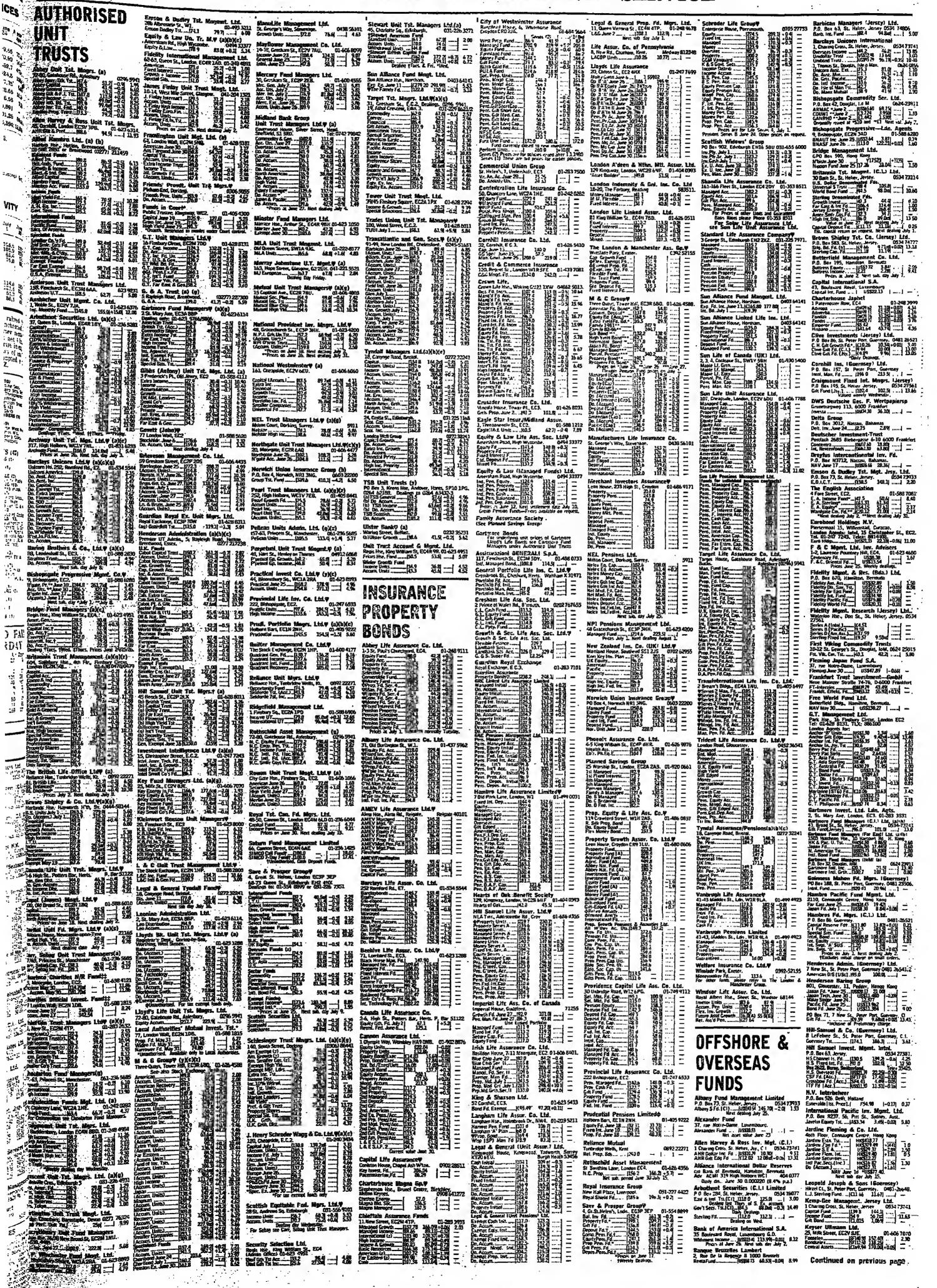
				RIGHIS" UFFERS						
Issue : Price! p:	~ ~	Ren	test nunc, ale		SO Low	Stock	Glosing prioss	+ or		
10S 115 100 55 60 54 620 40 263 118 126 60cts	F.P. F.P. F.P. No.	3.6	1/8 7/8 4/7 23/7 18/7 18/7 18/7	24pm 50pm 20pm 100 65 62pm 47 333 1131 147pm 455pm	13pm 34pm 14;pm 61 25pm 411; 307 134 117 pm	Astbury & Modeley	13pm 50pm 20pm 97	+1 -1 +5 -1		

Renunciation date usually left day for dealing free of stamp duty. It Figures baced on prospectus estimate. It is a stamp duty and yield a fercess dividend: cover based on previous year's carnings. F dividend and yield based on prospectus or other official estimates for 1979. Q Grass. T Figures assumed. I Cover offlows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. S Placing price to public. It Fence unless otherwise indicated. I Issued by Jender, I Offered to helders of ordinary shares as a "rights." \*\* leaved by way of capitalisation. SS Reintroduced. It issued to connection with reorganization, marger or takeover. Ill introduced. It issued to former preference helders. E Alletment felters (or fully-paid). \*\* Provisional or partly-paid alletment letters. \*\* With warrants. It Unlisted according. It issued as units somprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Ocelings under special rule.

### FT UNIT TRUST INFORMATION SERVICE

**製造を表する。** 

33



FREEDOM!	FT S	SHARE	INFORMATION	SERVICE  CS—Cont.   ENGINEERING—Continued	177   123   Hillards 190   128   133   134   1
That's BTR	1990   Price  + or   Yr High Law   Stack E   -   bal.	ebil 1980 - Stock		1960   1960	88 70 Lovel (6.F) 72 8.6 6 15.9 17.0 17.0 28.7 18.6 18.7 19.0 19.0 19.0 19.0 19.0 19.0 19.0 19.0
BRITISH FUNDS    1980	90   800   500   100 ppc Uns. Ln. 86. 871 and -1   12.60 892   77   500   110 cm s. Ln. 86. 872 and -1   12.60 892   77   500   100 cm s. Ln. 90. 971   842   500   12   500   14   19   100   12   500   100   12   500   100	led 100 68 Gibbs (A.).	10   127	85 32 7.7 5.8 166 165 4 Ach & Lary	Silp
834, 765, Exch 3oc 83, 1038; 1797, 1798, 1	255   200	950 270 546 Ottomen Bent 12 75 Royal Bk. of So. 275 1197 Schroders Schroer Schroer Schroders Schroders Schroders Schroders Schroders Schroders Schroders Sch	186   -2   6.5   6.9   6.4   28   107   38   109   109   109   98   109   35   35   409   35   318   41   425   5.9   6.4   318   41   425   4	1294   2.0   1.7   \$\rightarrow\$   \$\rightar	15
1004   904   Exch. 124 art. 1985   9874   12.90   12.76   10.87   974   10.76   10.87   10.8	25-4   17-2   Amer. Express \$0.60   15-2   11-2   2-3   2-3   2-3   15-2   15	Color	1312   1312	1	140   116   A.A.H.   138   17.0   22.7.2   58   119   118   AGA AS   KG0   CIB   013%   6   All   6   128   138   130
Over Fifteen Years  224   734   Exch 104pt 1995   78   12.97   13.51    97   872   Iressury 124pt 994   78   13.61   13.77    102   94   Tress. 14pt 46   76   78   13.98    112   994   Tress. 14pt 46   76   12.27   13.02    938   904   Excheuer 134pt 864   464   465   476    475   414   88   148   88   1997   18   13.69    1054   89   Tressury 134pt 9784   465   464   465    1054   89   Tressury 104   1977   1678   13.69    13.61   13.76   13.76   13.67    13.62   544   Tressury 64pt 1996   976   13.67    13.63   545   Tressury 64pt 1999   13.67    1054   876   176   176   176   176    1054   974   Tress. 134pt 1999   13.67    1054   974   Tress. 134pt 1999   13.67    1054   974   Tress. 134pt 1999   13.67    1054   974   Tress. 134pt 2000   13.76    1056   975   Tressury 105pt 1994   13.67    1057   943   175   Tressury 105pt 1994    1058   757   Tressury 115pt 10.04    383   344   Funding 31-pt 94-04    385   347   Funding 31-pt 94-04    385   348   Tressury 115pt 10.04    385   347   Tressury 115pt 10.04    386   13.67   13.67    387   444   13.67    389   13.67   13.67    380   13.67   13.67    380   13.67   13.67    381   13.67   13.67    382   13.67   13.67    383   13.67   13.67    384   13.67   13.67    385   13.67   13.67    386   13.67   13.67    387   13.67   13.67    388   13.67   13.67    389   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67    380   13.67   13.67	13	51   452   Buckley's Brew   Bulmer(H.P.)   140   252   240   Burner(H.P.)   Bur	69	1.77   2.6   1.0   3.9   524   524   Hill & Schitting   41   -1   100.138   2.9   1.11.5   5.2   2.7   9.5   4.9   4.5   4.5   5.0   5.5   5.1   5.65   6.1   4.7   6.2   3.2   7.5   5.5   6.1   4.7   6.2   3.2   7.5   5.5   6.1   6.2	133   100   B.E.T. Defd   125   1   157   24   37   35   175   56   50   intol   172   144   53   175   156   50   intol   172   144   53   175   156   175   17
71-2 73 (G-1-1-12-200 Oct.mm) 71-4 -4 12-03 1-40	457n) 293n Singer (S10)	56 46 32 Arnelife 109—40 215 148 BP8 Inds. 505—60 41 Bargeridge Brk. 6.3 20 14 Bargeridge Brk. 6.3 20 15 Berliwgo 10 Ber	35	28 7.1 6.7 58 422   Acksa, McHB 50. 51.ml -T 11.4	2-5   2-5
AFRICAN LUANS	2010 10Cs Place Gas St.   12Co   12Co	29 65 57 Finkan (John 10 22 21 15 Francis Per 10 5.0 72 61 Galfillord Br. S; SE 26 19 Globbs 97 d A 10 36 19 Globbs 97 d A 10 37 19 Globbs 97 d A 10	31 — 255 33118 28 150 125 33118 18 150 125 33108 18 18 18 125 125 114 -1 d7.0 3.0 8.8 18 (42) 20 14 15 25 115 125 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 12 -1 1 15 15 15 15 15 15 15 15 15 15 15 15	25 27 60 85 112 80 Molins	60
160 107 Ser. Rinot. Z-pc: 45-70 153-7 151-7 151-7 151-8 151-	244 232 ANZ SA1 227	155   371-1   30   H.A.T., Grp. 10	7 36 101 71 2.5 6.816.8 190 168 TYAIT Call 185 186 186 187 188 188 187 187 187 188 187 187 188 187 188 187 187	13	38 21 Down Saryl, 10p 22 16 18.5 4 41 22 Doxy Blum, 10p - 33 -1 2,68 1 18115 8 32 34 Dundoman 20p, 67 +1 3,0 +16.5
PUBLISHED IN LON Head Office: The Financial Times Limited, Brack Telex: Editorial 8954871. Advertisements. Telephone: C Frankfurt Office: The Financial Times (Europe) Lt Telex: Editorial 416052. Commercial 416193. Tel INTERNATIONAL AN EOITORIAL OFFICES Amsterdam: P.O. Box 1296, Amsterdam-C.	en House, 10 Cannon Street, London EC4P : 885033. Telegrams: Finantimo, London. 11-248 8000. d., Frankenallec 68-72, 6000 Frankfurt-am-Ma lephone: Editorial 7598 234. Commercial 750	4BY 482 59 Level Nm 220 48 29 Level Nm 220 49 40 Level (Y. J.).  78 1. 177 27 120 Losed (Y. J.). 78 1. 160 133 Manders   Hidg 92 18 Marchivel   205 170 Marchivel   207 44 M.D.W.   208 173 Meyer   Mont. Level   208 173 Meyer   Mont. Level   209 173 Meyer   Mont. Level   200 174 Marchivel   200 175 Marchivel   201 175 Marchivel   201 175 Marchivel   201 175 Marchivel   202 175 Marchivel   203 175 Marchivel   203 175 Marchivel   204 175 Marchivel   205 175 Marchivel   206 175 Marchivel   207 175 Marchivel   208 175 Marchivel   208 175 Marchivel   208 175 Marchivel   208 175 Marchivel   207 175 Marchivel   208	1	5 27 7.9 5.8 27 70 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	48 35 Darapipe 33 al 2.6 4 E2 3
Telex 16527 Tel: 276 796 Birthingham: George Husse, George Road. Telex 338650 Tel: 021-454 0922 Boun: Presshaus 11/104 Heostalites 2-10. Telex 8869542 Tel: 210039 Brussels: 39 Rue Bocale. Tel 23283 Tel: 512-9037 Cairo: P.O. Box 2040. Tel: 936510 Bublic: 25 South Frederick Street. Telex: 5414 Tel: 785321 Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120 Frankfurt: Frankturalite 71-81 Telex: 416052 Tel: 7598 234	Mexico: Paseo de la Reforma 122-10, Mexico 6DF Tel: 53513-68 Moscow: Kuturovsky 14, Anartment 1, Moscow. Telex: 7900 Tel: 243 1635 New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625 Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 74044 Telex: 220044 Tel: 297 2000 Rome: Vla della Merzede 55. Telex: 610032 Tel: 678 3314 Stockholm: c/o Sverska Dachladet, Raalambsvagen Telex: 17603 Tel: 50 60 88	34   23   Mod. Engineers   23   Mod. Engineers   23   Monir I A)	76	25   4.3   2.5   1.7   1.5	13
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Rhys David reports on why BSC is challenging its electricity bill

## Threat to Sheffield Steel

the Sheffield area msy cease to be commercially viable because of big increases in electricity charges. The method is used hy both private and state-owned plants in the city.

The warning has been given the British Steel Corporation's Yorkshire and Humherside Division, which is asking the Yorkshire Electricity Board to justify an increase in the specially negotiated charges estimated at 3n per cent over the present financial year as a whole, to follows a 16 per cent rise last year.

The electric arc method of making steel from scrap forms only a minority of BSC's total output, but is used throughout the private sector Implications of big increases in etectricity charges extend far the immediate BSC problem in Sheffield.

But much of the private production in Sheffield is to expensive high-alloy steels, where energy accounts for a amaller proportion of total

BSC's challenge is part of a general attack on external costs £24m, hy the Sheffield division, which is struggling to recover from ing director of BSC Yorkshire the effects of this year's threemonth strike and of a sharp

tutions refuse dto take part in yesierday's £54m placing of

shares in the Ferraoti elec-

tronics company, although the

City nperation was finally com-

Opposition to having to

undertake onl to trade the

shares for two years after was

one reason for many staying

alnof. The high price of the

The two-year "lock-lo"

period originated from a Gov-

which was selling most of its

50 per cent stake in Ferranti.

This was made clear yesterday by Sir Keith Jnsepb, Industry

He told the Commons the

board had advised him that it

favoured placing the shares

with Institutions, but judged

He added that the cost to the

asked him for a direction.

direction to the

Enterprise Board.

shares was also cited.

pleted in the late afternoon.

BY ANDREW FISHER AND GUY DE JONQUIERES

SEVERAL major financial insti- taxpayer of this method of dis-

that Imposing conditions on dis- off to the public, reflected pres-

cial action. It had therefore simed at maintaining Ferranti's

are being forced to pare their teoders to the minimum, and increased suppties of some are being obtained from cheaper

The Corporation has also begun to demolish its empty huildings to reduce its rates Working hours are being cut in the next few months at most plants. BSC in London said that management in other divisions were also engaged in cutting costs by securing the most competitive possible terms frnm aupplies.

Yorkshire Electricity Board yesterday declined in be that the exact nature of the BSC complaint was not yet known, and that energy costs were in any case a relatively small proportion of total steel production costs

BSC claims that electricity for its Sheffield operations in 1980-1981 will cost an extra £12m, bringing the total bilt to £53m, At its Scunthorpe plants, which employ conventional iron and steelmsking, the increase will be £5m, takingt he bitl up to

Mr. John Pennington, managreduction in steel demand in taken by his officials, steel pro- mer plant shutdowns.

shares as a block to the highest

The 10.24m shares were offered to institutions at 530p.

This was an 11 per cent discount

on the 595p price before sus-

pension ahead of the placing. Pension funds were virtually

split down the middle over the

placing's terms. Half were un-

willing to take up the shares at

that price, which reflected re-

cent hid speculations or be-

Scottish institutions were understood to have taken about

a fifth of the shares. But some

were irritated by what they saw

as too high a price, compared

the highest bidder or float them

posal was not normal commer- sure from the Scottish Office Influenced by concern about the

independence. It has substan-

ttal operations in Scottaod.

for the NEB stake.

with other schemes put forward ernment."

cause of the tradlog ambargo.

Other supptiers in the division paying much more for their use being forced to pare their electricity than their competi-

We are paying 2.5p per kilowatter hour while in Germany the cost is 1.6p per kWh and in France 1.4p per kWh," he

In other European countries night rates operated for much longer than the seven-hour period in Sheffield. "We will have to look st whether electric are steelmaking is a viable process. If charges continue to rise we will not be abte to compete with hot metal whatever the price of scrap, or with our com petitors on the cootinent," he

Electricity prices gave European producers a price advan-tage of as much as £8 per tonne, he claimed.

The reduction in working hours follows a severe decline in recent weeks. Customers in steel-using industries, such as motors, are buying less as sales

Whole sections in some plants are being closed for a week at a being reduced or short-time time, while in others shifts are working introduced.

An extra week's hotiday, days owing to thelabour force. grouping together six occasional wilt also be introduced in Septhat, according to studies uoder- tember at the endo f the sum-

Severat Scottish institutions

or finance bouse should have

the major London stockbrokers.

on behalf of Rothschilds for the

Assisting Cazeoove were Fer-ranti's own brokers, Greenwett

and the Liverpool-based Tilney.

were not as enthustastic as we had hope and expected." said

Str Arthur Knight, NEB chair-

man. This was surprising after what the NEB had been led to understand, he sald, and following the political action

which has influenced the Gov-

decided to place them with

the Monopolies Commission, hy

decision

bellef that

Sir Arthur said the NEB had

institutions

and Savory Mitln.
"The Scottish

day it would only become clear was gring to settle. The pattern this year had followed predictions made in the stoppage of a post-strike surge in demand as customers restocked, folinwed by a severe drop as the pipetine filled up again. The division was oo target to recover market share lost in the strike, but demand for the year as a whole would be significantly down on

Why the CEGB faces an inquiry, Page 18

#### Drop in number of stoppages

EIGHTY-ONE work atoppages started in May—the lowest number to start since December. according to details given to the Department of Employment and the base for provisional figures just published in the Employment Gazette,

During May 130 stoppages were in progress. These lost 378,000 working hours. Of these. 280,000 were lost through stoppages continuing from April This also was the lowest number of working-hours lost since The stoppages in volved about 96,000 workers.

genuinety wished to remain

independent and by the NEB's

desire to attend to its other

Mr. Adam Butler, Minister of

State for Industry, said that the method, of disposal did not

signify any change in Govern-

ment poticy.

The NEB's 50 per cent owner-

ship of Ferranti was "an un-natural situation." The two-year

restriction on the shares would

give the company an oppor-tunity to show that it could

He added that the decision

the shares for Ferranti

to set aside about 2 per cent

employees was consistent with

the Government's policy of

encouraging share nwnership by

been better to leave the sbares with the NEB.

The taxpayer was suffering hy

the shares being placed at an

Parliament, Page 13

t1 per cent discount.

stand on its owo feet.

activities.

ment agreed in Algiers last month. Under this compromise agreement, OPEC set two ceilings: \$32 a barrel for tight crude oil produced in the Persian Gulf, and \$37 a barrel for premium crudes exported by African pro-Institutions boycott Ferranti shares

> Kuwait bas lifted its prices by \$2 a barrel to \$31.50; Iraq bas introduced a similar increase, raising the Basrah Light price to \$31.96; Libya has added 28 cents to bring its prices up to the \$37 a barrel ceiling; and Venezuela has said it will probably add between \$1 and \$2 a

The arrangement, introduced employees.

In the Commons, Mr. John
Silkin. shadow nidustry Secreaccording to the oll industry tary, said that it would have publication, Petroleum Intelligence Weekly, individual buyers of Algerian oil could have accumutated between \$8m and \$42m each in the "exploration

BP diversifies, Page 20

#### Algerian oil put at \$37 a barrel

By Ray Dafter, Energy Editor

ALGERIA HAS, raised its nil prices by \$1.79 a barrel to the new ceiling rate of \$37 a barrel set by members of the Organisation of Petroleum Exporting Countries tast munth.

The increase, which took effect yesterday, means that for the time being st least Algeria is effectively charging a record \$40 a barrel. It already imposes refundable \$3 a barrel xploration aurcharge on all of

However, within the oit industry it is expected that Algeria will have phased out this surcharge by September. The premium was introduced as a down-payment for future exploration work.

Algeria, the tatest OPEC member to announce a July I price rise, now selts the world's most expensive crude oil. Given its bigh quatity and nearness to consumer markets, Algeria's tight crude has always been sold at a premlum over Saudi Arabia's marker light crude.

The effective differential has now been stretched to \$12 a barrel. Saudi Arabia has still not said when it will be raising its prices from the present reference level of \$28 for a 35 gallon barrel.

A number of OPEC countries have raised their prices in line with the new two-tier arrange-

barrel to its wide range of crude

OPEC members are concerned that prices in the volatile spot market are weakening in response to falling demand. In some cases, spot prices are helow the rates quoted for con-

This is the main reason why the oil todustry expects Algeria to phase out Its \$3 a barrel exploration premium.

#### THE LEX COLUMN

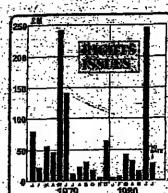
## Berisford lines its pocket

Just as the equity market was chewing over the Ferranti placing, it was confronted with yet another rights issue from-a company with no urgent need of cash. S and W Berisford is raising £29m through a one four at 132p; the almost obligatory justifications are tretted out-working capital needs and a rising interest charge. Doubttess it is true that Berisford can employ this sort of money usefutty in commodity trading, where a hroader equity base will also help. But the main reason must be to assemble ammounition for taunching a bigger bid for British Sugar if the Monopolics Commission gives it the

go-ahead. Berisford could just have offered more paper to British Sugar shareholders as part of higher bid, but it presumably judges that its paper is more ecceptable to its own sharehnlders, while investors in British Sugar may want a cash atternative. The rights issue will also quite simply make it a pigger company, strengthening its borrowing position and pusb-ing its market capitalisation hack up above British Sugar's-£160m against £140m.

Thia is not going to make British Sugar's wait for the Monopoliea Commission report any less anxious. Berisford must be hoping that the weakness in its own share price resulting from the rights issue witt have evaporated by the autumn. Indeed, the 91 per cent vield and the prospective benefit from lower interest rates should be enough to prevent any stgnificant underperformance. And if British Sugar's shares do take off into the blue (yester-day they rose 6p to 234p, a new high for the year), there is always the possibility that Berisford may do what it originally sald it intended to do, and simply take a profit on its British Sugar holding — there is a book gain of around £5m at

It was a long bard day for the brokers handling the Ferranti placing, although eventually they got bome for dlaner. The Scottish institutions, it seems, were not quite as enthuslastic about the restricIndex fell 3.4 to 461.4



Only at the very end of the day did Charlotte Square earn its thistles, and the Scottish institutions bought about a tenth nf

the whole company.
While the telephones were still humming in the City, Sir Keith Joseph was telling parliament wby it was appropriate to shield - Ferranti's management from the disciplines of the market place until 1982. National Enterprise Board, with no firm bid for its shares in Ferranti on the table, had concluded that a normal placing would have been in the best interests of the taxpayer and the company. If that bad been followed by an outright bid, at least the taxpayer would have not suffered from any subsequent reference to the Monopolies Commission, a point which Sir Keith seemed to gloss

over yesterday.

The result of all this is that the Ferranti family interests, who were running the business when it got into trouble in the first place and succeeded then in securing very favourable terms from the government, are now once again the biggest shareholders in the company with around a fifth of the equity. The Ferranti brothers hold the position of chairman and deputy chairman. This rates as a remarkable comeback by any standards.

Tesco. Tesco's 1980 report tions on the transfer of the accounts is embellished with the shares as one of two of their group's rather improbable coat more ebullient spokesmen had of arms, complete with badgers suggested-especially when they rampant, stylised supermarket saw the price. The unit trusts welkways and a Latin motto were naturally reluctant to get tocked into what for two years together." Unfortunately, things

by Tesco since time immemorial Not only are the tax author ties trying to deny group relies in respect of an associated company's capital allowances, they are also claiming that Operation

distinctly nasty on the subject of corporation tax relief claimed

Checkout, constituted a charge in the conduct of Tesco's and trying to reduce tax relie on stock changes that resulted from it. Together, these give Tesca a contingent Itability at nver £10m, and although Tes contests the Revenue's claim there may be a threat to other food retailers who have indulge in price cutting campaigns.

in the meantime, Tesco's search for tax relief continues unabated. Stocks rose 31 per cent to £179m, rather faster than sales. And although then has been the usual helts increase in creditors, it is not quite on the scale of 1978 7 transactions bunched as a result of the lorry drivers strike. Partly as

a result of these less favour able working capital move ments the cash surplus from current trading was only 228m in 1979-80, compared with 450m the previous year. But this is swamped in any case by the group's capital spending pa-gramme and the overall of flow deficit for the year works out at £82m, which takes to debt at the balance sheet date over 30 per cent of there holders funds

#### Buying in The Inland Revenue will pri

sumably faint away with horror at the news that the Secretary of State for Trade wants legistation in the next session to enable companies to huy their own sbares. The idea of distributing capital free of advance corporation tax or income lix will just be too much to con-temptate. All the same the idea is to-change company, lay first and worry about introducing the necessary tax regule later. Although there is bound to be a let of argument about the position of listed companies it should be possible to devise sellsfactory tax rules for certain categories of private companies. And there need be little debate about the desirability of allowing limited changes to improve small business sector.

Meanwhile, the Secretary, of fairly clear that a bid such as GEC's for Averys would now be

#### Kuwait bid for control of Hay's Wharf stock

KUWAIT Investment Office yesterday served notice Wbarf that it intends to make a hid for the 67.3 per cent of the enuity which it does not already own to the property, chemicats and distribution group.

Details of the proposed bid have not been announced or disclosed to Hay's Wharf, although the directors have heen told that terms will he revealed "shortly." News of the move had an immediate impact them up 74p to 240p and putting a value on the group of almost A letter delivered yesierday

morning by solicitors acting for the Kuwaitis said simply that a company which it controlled would soon he makine an offer other to acquire all the outstanding shares in the group. The Knwait Investment Office declined to elahorate on its plans. Hay's Wharf said the approach

came as a complete surprise hut that it would give consideration to any offer when it was made. In the meantime, the heard strongly recommended shareholders not to sell their shares. The Kuwait Investment Office

acts as the investment vehicle for Kuwaiti State funds and has heen huilding up a large in-vestment portfolio in the UK. of companies to which the KIO has more than 5 per cent of the equity, and which it is obliged to disclose under the Companies Act 1976, indicates that its investments are worth at least £225m. The Kuwait Office also invests via

nominec companies
The Kuwaiti office look on its
existing 32.7 per cent toterest
in Hay's Wharf when it acquired St. Martin's Property Corpora-tion for £107m to 1975. It is thought that St. Martins re-mains the only UK company which Kuwait controls and that. therefore the bid could come from this direction.

The Kuwait Investment Office nelding in Hay's Wharf represents by far the single largest ercentage stake in any of its UK investments excluding its ownership of St. Martins

## Green Paper aims to promote competition

The decision to allocate the received no firm offers for its

institutions.

possibility of

NEB's shares among institu- Ferranti shares by the time it tions, rather than self them to decided to place them with

posal, rather than selling the thought that a Scottish bank

bidder. could not be catculated. been involved in the placing.

The 10.24m shares were This was handted by Cazenove,

FURTHER CHANGES in comcreating a "more flexible" and "more competitive" environthe Trade Secretary, yesterday. The changes would encourage part of their investment. investment in new innovative merates to split up if they wished, he said in a major policy statement in London.

At the same time, he ssid, there would be "considerably more scepticisor" towards prospective merger, but no new legislation in this srea.

Mr. Nott outlined his phitun competitinn in on Hay's Wharf shares, sending | British industry as he infroduced a Green Paper, published yesterday, which proposes that companies be given the power Present UK company law prohibits this, although it is com- grounds.

ther European countries.

Mr. Nott said that he bad heen in favour of a change in the law for 15 years because "substantial henefits" could result from removing the pro-

The preamble to the Green Paper suggests that the purchase hy private companies of their investment participation in them.

FURTHER CHANGES in com-pany and tax law aimed at ready to invest in such com-creating a "more flexible" and panies—often, Mr. Nott said. the "new innovative businesses" ment for British industry were which are the country's industries foreshadowed by Mr. John Nott, trial "seed corn"—if they knew they could reatise all or

Large cash-rich companies companies and allow hig conglo- might also be attracted by the right to purchase their own would open a route shares. by which they could give their surplus resources back to share-

This was only one way in which Government was seeking to help companies redistribute their assets, Mr. Nott said, The Government was committed to smoothing the path for companies seeking to "demerge." either because historic mergers future trading patterns sugit on commercial

A new clause is to be inserted in the Finance Bill which will represent "a significant step poticy as hetween mergers and demergers," he said. That was being debated in the Finance Bill Committee yesterday.

Principle jettisoned, Page 12

Finally, Mr. Nntt said, the Government would take a much more sceptical approach to mer-Editorial Comment, Page 18

#### Continues from Page 1

#### **Aston Martin**

In anticipation of a consortium takeover. BL scrapped plans in March to move to Abingdon a components export tion nonce. They are already packaging operation. This went on a three-day week, with MG

Ahingdon, producing lixury the three months, to make sure Van Den Plas versions of several that U.S. dealers to particular models, iocludiog the Princess, and sports versions of some That, too, is now being set

up at Cowley. whether these projects can be moved to Ahingdon after all. they are already heing the consurtium. BL had already implemented and the prospects for this happening look dim.

Instead, the Abingdon employees oo Friday are likely to be placed on 90 days' terminato Cowley instead. That involved production at 380 cars a week 400 johs.

It was planning to set up a special vehicles operation at restored to five-day working for the set of 
the three months, to make sure -which take &t per cent of production-will have enough stock to last until next spring. By then, BL hopes to have ready for sale the Triumph TR 7-hased BL executives are examining MG it planned to market before the consortium's approach. Before the latks started with

the MGB from this December.

#### Berisford in £28.5m rights issue BY IAN RODGER

S. AND W. BERISFORD, the commodity mercbants whose £120.6m hid last month for Bri-

tish Sugar Corporation is being reviewed by the Monopoties and Mergers Commission, to seeking to raise £28.5m from its shareholders through a one-for-four rights issue.
The issue comes only a few weeks after Berisford showed it

had £5t.7m in cash at its disposal for the combined shares and cash offer for British Sugar. Berisford shares fell 13p to 146p after the news. British Sugar shares gained

6p to 146p yesterday, perhaps anticipating the issue proceeds being used to increase the value had been unsuccssful or because inf the Berisford bid, provided the Monopoties Commission altows it to proreed. Mr. G. E. Percival, a Beris

ford director, refused to say whether the funds would he used for an eventual bid. am not able to answer that untess you can tell me how the Monopolies Commission find," he said.

In the rights issue circutar. Mr. E. S. Margulies, Berisford chairman, asid the money is being raised because inflation in commodity prices has contributed to an increase in the company's working capitat needs. However, Mr. Percival agreed that, apart from sugar, the price of many commodities has been generally lower recently.

" I think we know how to use obvious interest in expansion both internally and externally. British Sugar, in which the stake that msy be for sale, has opposed the Berisford bid. atteging it has no commercial logic and that Berisford has no experience in managing s manufacturing company.

British Sugar, which bas just completed a five-year £150m in vestment programme, also said requisition, apparently in an it is considering making an attempt to fend off the Berisford Bersiford acts as merchant for

l Tate and Lyle.

### Weather

UK TODAY

SHOWERY NORTHERLY airstream over the East, but in Western areas it will he dry with sunny intervats. Coot and windy in East.

Mostly cloudy with occasionat showers, becoming brighter North wlod fresh or strong moderating. Max. 14C (57F).

N. Wales
Mostly dry with bright or
sunny intervals. Wind N.W. light to moderate. Max. 16C

East Scotland Mostly cloudy with occasional showers. Wind N. moderate. Max. 14C 157F).

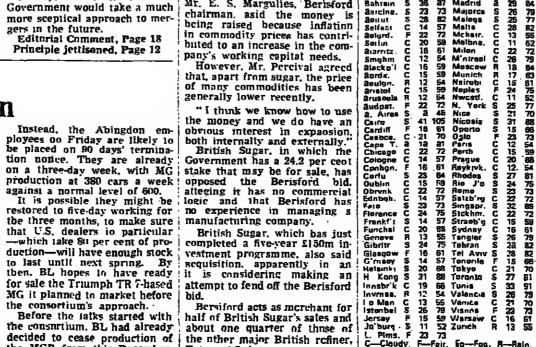
W Scotland, Highlands, Ulster Mainty dry with sunny intervals. Wind light and variable. Max. 15C (59F). Outlook: Mainty dry rather cool.

WORLDWIDE

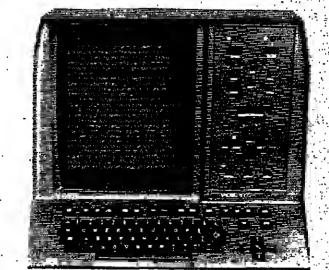
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